

NM1 - 27

**GENERAL
CORRESPONDENCE**

YEAR(S):

2005-1991



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 26, 2005

Mr. Kelly Maclaskey
Maclaskey Oilfield Services, Inc.
P.O. Box 580
Hobbs, NM 88241

Dear Mr. Maclaskey:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed your request, dated November 2, 2004, for closure of the Monument Treating Plant (permit #NM-1-027). Larry Johnson of the NMOCD Hobbs office inspected the former site of the facility on November 4, 2004, and the results of that inspection were positive for closure. The NMOCD is currently holding financial assurance for the site in the amount of \$25,000. Please have your bank request release of the bond.

Be advised that this approval does not relieve Maclaskey Oilfield Services, Inc. (Maclaskey) of liability should its operation at this site prove to have been harmful to the environment or public health. Nor does it relieve Maclaskey of its responsibility to comply with the rules and regulations of any other governmental agency.

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin
Environmental Engineer

Cc: NMOCD Hobbs office



Maclaskey Oilfield Services, Inc.

**P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016**

November 2, 2004

New Mexico Oil Conservation Division
Attn: Mr. Ed Martin
1220 S. St. Francis
Santa Fe, NM 87505

RE: Release of permit Monument Treating Plant

Mr. Martin:

Regarding our phone conversation concerning the Bandera Monument Treating Plant closure, the following is an outline of the procedure, photo's and test results. Initially, surface equipment was removed and the area was then scrapped of the granite pea gravel mixed with slightly off colored soil on June 21, 2004. The soil area, (photo's 1, 2 & 3) appeared dry and unsaturated with no hydrocarbon odor. Approximately 84 yards of gravel with some soil was recovered and taken off site. Three areas were sampled and taken within the foot prints of each tank on July 16, 2004. Testing for total petroleum hydrocarbons test 418.1 was conducted by Cardinal Laboratories in Hobbs, New Mexico. The results dated July 19, 2004 are enclosed.

Upon receiving the test results, we removed an additional 72 yards of soil material within the impacted area on July 29, 2004, (photo's 4 & 5). Samples were then taken in the three areas within each tanks foot print area on August 27, 2004. The soil appeared dry,



Maclaskey Oilfield Services, Inc.

**P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016**

unsaturated, with no hydrocarbon odor, or off color. The results dated September 1, 2004 are enclosed. Tank seven foot print was sampled again and test results September 14, 2004 are enclosed.

Final testing was done with the combined samples of the foot prints for BTEX. Cardinal Laboratories conducted the test dated September 16, 2004. The BTEX method test SW846-8260 results are enclosed. Upon receiving those results we re-leveled the area using the existing adjacent oil wells location pad from the west side to replace the pad on the east for servicing of the existing active oil well (photo 6). An overview of the location with pictures (photo 7), showing the inactive oil well dry hole marker looking to the south. Looking to the north with (photo 8) showing the adjacent wells, batteries and pipelines. Entering the location looking towards the southeast (photo 9).

If you have any questions, please don't hesitate to call.

Sincerely,


Kelly Maclaskey
President



**ARDINAL
LABORATORIES**

PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MACLASKEY OILFIELD SERVICES
ATTN: KELLY MACLASKEY
P.O. BOX 580
HOBBS, NM 88240
FAX TO: (505) 393-1455

Receiving Date: 08/27/04
Reporting Date: 09/16/04
Project Number: NOT GIVEN
Project Name: BANDARA
Project Location: LEA COUNTY, NM

Sampling Date: 08/27/04
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AH
Analyzed By: BC

LAB NUMBER	SAMPLE ID	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE		09/15/04	09/15/04	09/15/04	09/15/04
H9086C	COMPOSITE OF SAMPLES 1-4	<0.005	0.010	<0.005	<0.015
Quality Control		0.093	0.110	0.100	0.319
True Value QC		0.100	0.100	0.100	0.300
% Recovery		92.6	110	99.9	106
Relative Percent Difference		4.2	5.2	7.5	3.4

METHOD: EPA SW-846 8260

Burton J. Rooh
Chemist

9/16/04
Date

AFTER ADD'L. SOIL REMOVAL

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or employees arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



**ARDINAL
LABORATORIES**

PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MACLASKEY OILFIELD SERVICES
ATTN: KELLY MACLASKEY
P.O. BOX 580
HOBBS, NM 88241
FAX TO:

Receiving Date: 09/13/04
Reporting Date: 09/14/04
Project Number: NOT GIVEN
Project Name: BANDARA
Project Location: NOT GIVEN

Analysis Date: 09/13/04
Sampling Date: 09/13/04
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: BC
Analyzed By: BC

LAB NUMBER SAMPLE ID TPH
(mg/Kg)

LAB NUMBER	SAMPLE ID	TPH (mg/Kg)
H9147-1	TANK PRINT #7	<10
Quality Control		247
True Value QC		240
% Recovery		103
Relative Percent Difference		6.5

METHOD: EPA 418.1

Bryan J. Coobe
Chemist

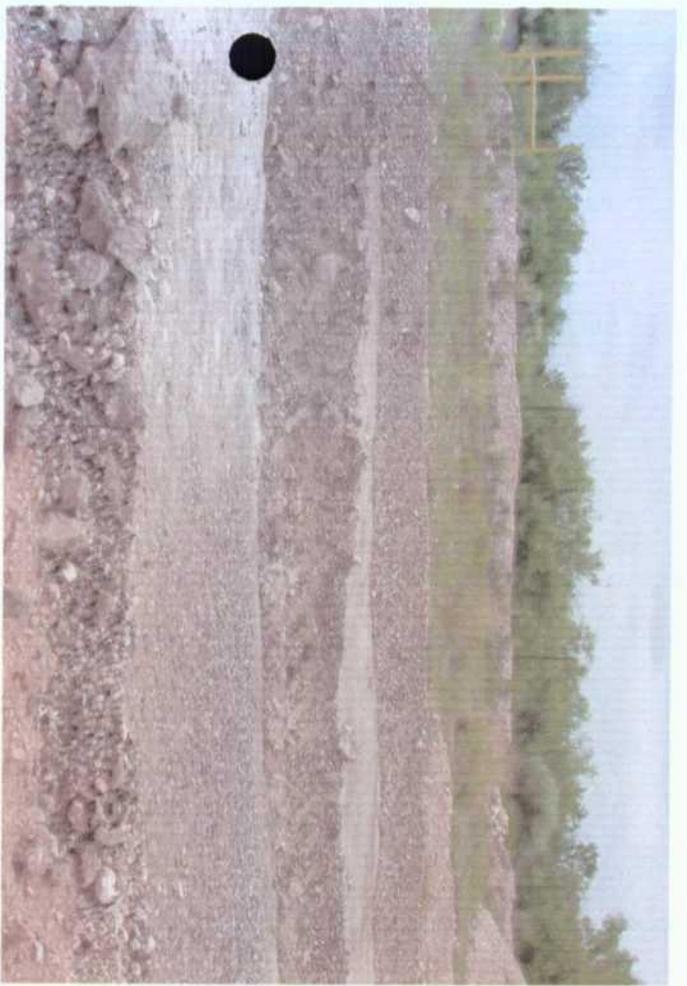
9/14/04
Date

AFTER ADD'L.
SOIL REMOVAL

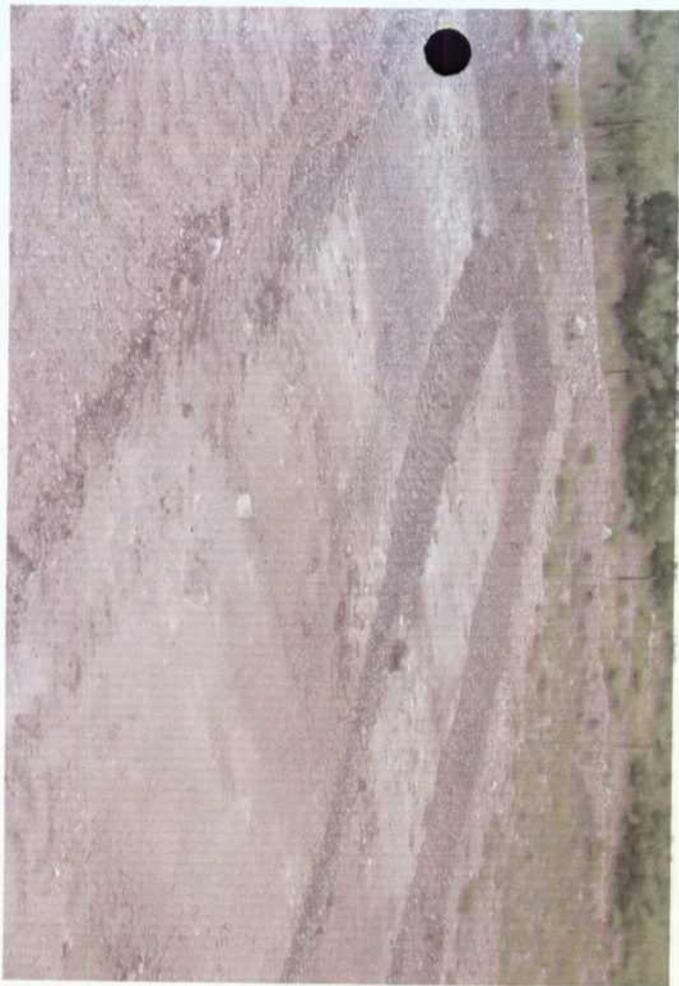
PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



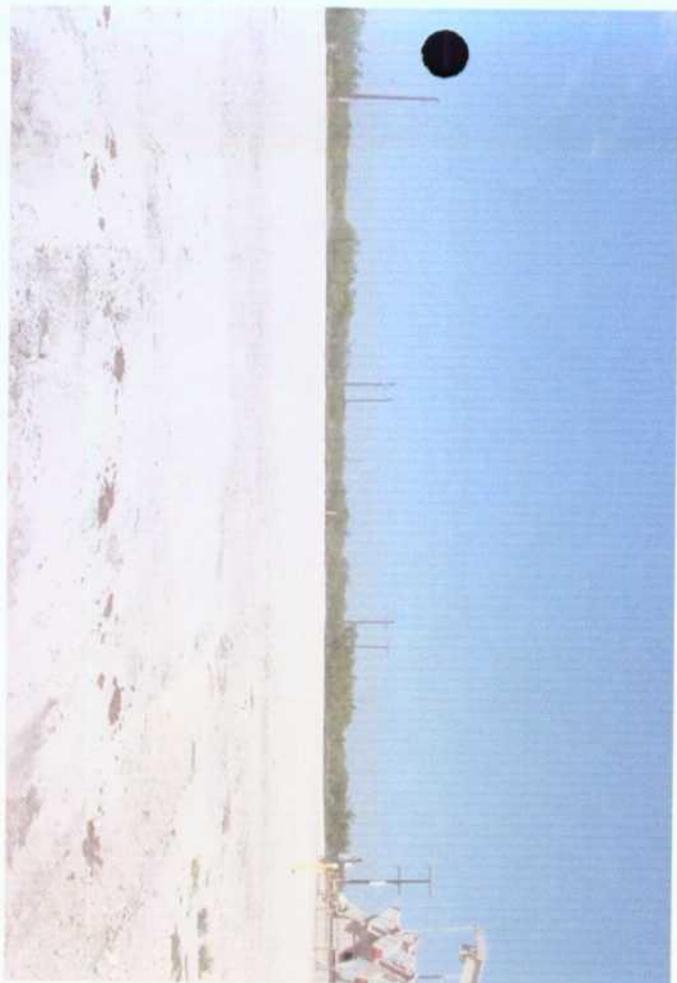
①



②



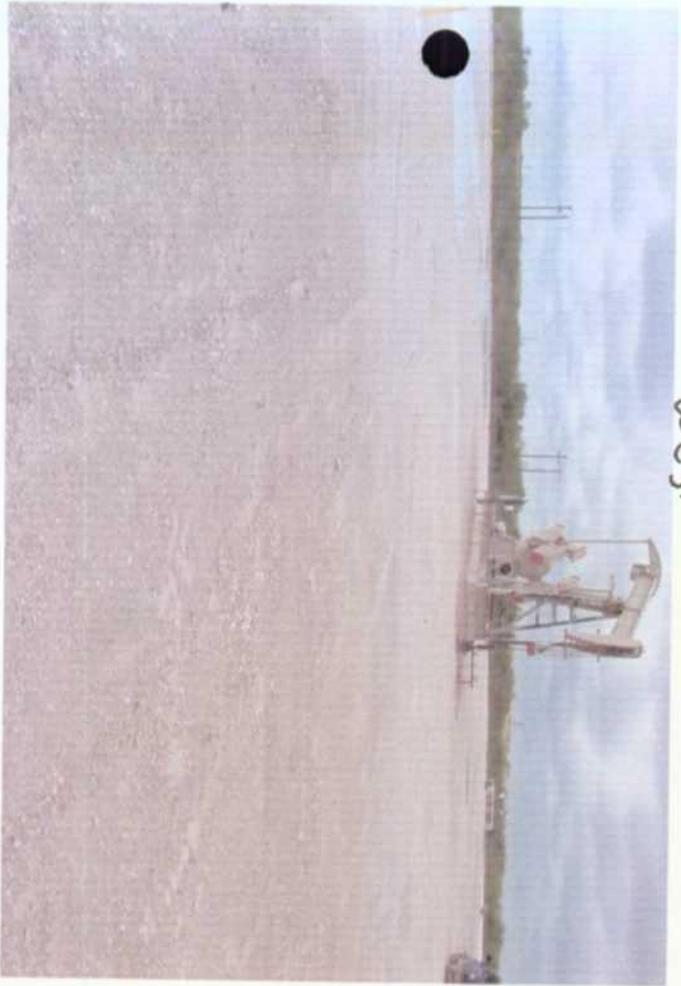
(3)



5

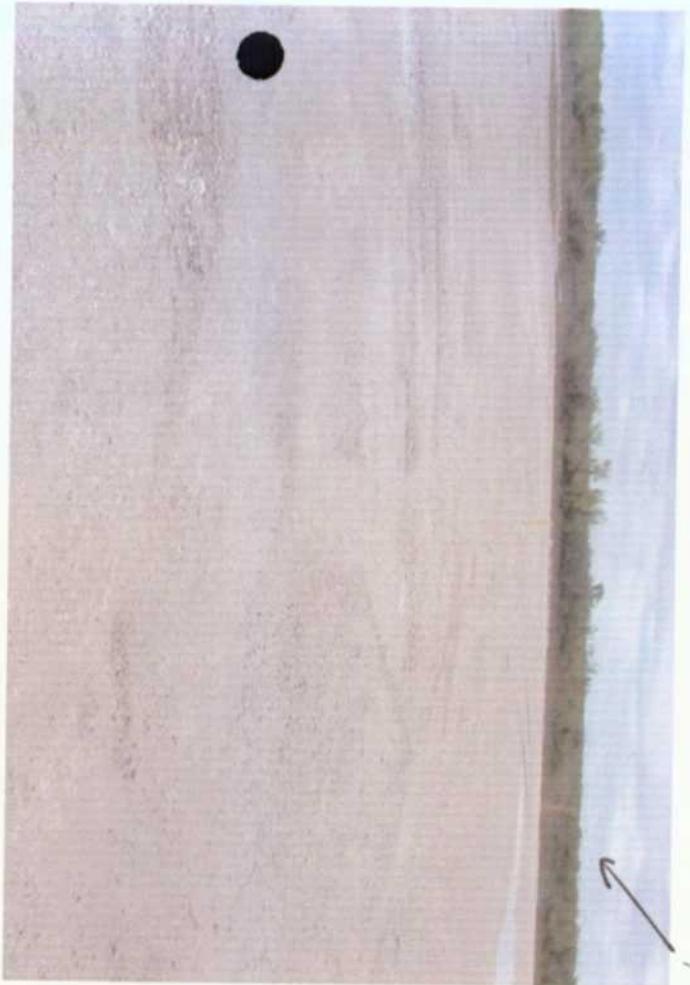


4



WEST

⑥



SOUTH

MARKER

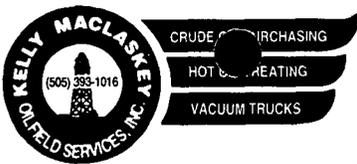
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8



9



Kelly Maclaskey Oilfield Services, Inc.

P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016

RECEIVED

JUN 04 2004

Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

June 1, 2004

Martyne J. Kieling
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

NM-1-0027

Re: Surface Waste Management Facility Inspection Report: Permit NM-01-0027
Kelly Maclaskey Oilfield Services, Inc.
NW/4 of Section 16, Township 20 South, Range 37 East, NMPM
Lea County New Mexico

Dear Ms Kieling:

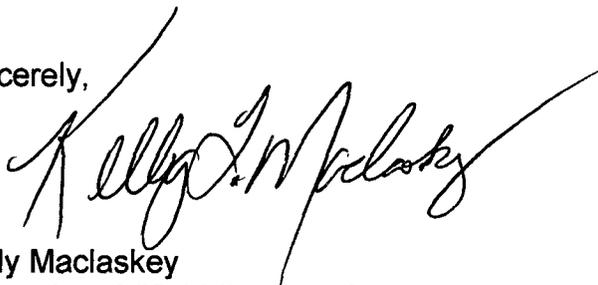
Regarding our phone conversation on May 24th, the following is the outline of our closure plan and procedure on the above referenced property. It is our intent to complete the closure during the dry summer months by early fall 2004. We will be following OCD Guidelines, Rules and Regulations for, but not limited to, Guidelines for remediation leaks, spills, and releases for the testing and procedure. The tanks and equipment were removed the month of May. The tank pad of granite pea gravel will be recovered within each footprint of the tanks. The plastic liner will then be removed and stored awaiting the investigation of the sub-soil areas. Upon removal of the plastic liner we will have access to the below grade subsoil level. We will be looking for soil staining and/or odor in these areas. We will be securing a minimum of 3 to 5 sample areas to be combined for testing within the tank footprints. The unloading valve and drip catch pan areas will be included in this process as well.

General Site characteristics of the four individual ranking criteria totaled to be "a 20 ranking" to be used for/in this action level. The samples will be analyzed for the presence of any Total Petroleum Hydrocarbon (TPH), Benzene Toluene, Ethyl Benzene and Xylene (BTEX), and Chloride (CL). Upon receiving any test results that show the above constituents are present, further investigation through additional excavation and testing will be conducted to establish the total area that has been impacted.

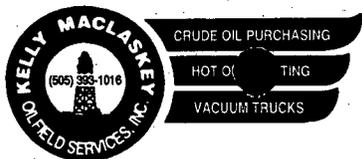
Soil condition found to be above the OCD minimum threshold levels will be placed on plastic for remediation. Upon establishing the sub-grade soil is free of any foreign substance, clean dike material of native sand and cliche will be used to return the surface to its previous ground level. Records of the findings along with photos will be taken during the closure procedure.

We will be glad to provide any other additional information as needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Maclaskey". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Kelly Maclaskey
Maclaskey Oilfield Services Inc.



Kelly Maclaskey Oilfield Services, Inc.

**P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016**

RECEIVED

JAN 12 2004
Environmental Bureau
Oil Conservation Division

January 6, 2004

State of New Mexico
Oil Conservation Division
Attn: Mr. W. Jack Ford, C.P.G.
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Bandera Monument Oil Reclamation Plant
NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM
Lea County, New Mexico

Mr. Ford:

Regarding our past meeting during the field audit and subsequent phone conversation. As instructed, we are forwarding this notice to the Oil Conservation Division of our request and intent to consolidate our Bandera Monument Oil Reclamation Plant located as referenced above, to our property in rural Lea County. It will be operated under our discharge plan and registration #GW-234.

The equipment will consist of two late model steel 500-barrel tanks that are epoxy lined on the bottom four feet and set on 60-mil PVC plastic liner with dike. This will create a cost saving for us, owning the ground and enable virtual line of sight monitoring and security. We will await further instructions.

Sincerely,

Kelly Maclaskey
President

MACLASKEY OILFIELD SERVICES, INC.



P.O. BOX 580
HOBBS, NM 88241

5900 W. CARLSBAD HWY
PHONE 505/393-1016

FAX 505/393-1455

FAX: 505 827 8177 DATE: 9-22-00

TO: MARTYNE J KIELING TIME: 1:55 p

FROM: KELLY MACLASKEY

PAGE 1 OF 1 PAGES

COMMENTS: MARTYNE, IN RESPONSE
TO THE WASTE ACCEPTANCE CRITERIA FAX.
WE REQUEST TO KEEP ON FILE
EXEMPT - OIL AND GAS PRODUCTION MATERIALS
PER RCRA SUBTITLE C REGULATIONS

THANK YOU

Kelly MacL



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

November 16, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-1224

Mr. Kelly Maclaskey
Kelly Maclaskey Oilfield Services, Inc.
P.O. Box 580
Hobbs, New Mexico 88241

RE: OCD Rule 711 Permit Approval NM-01-0027
Kelly Maclaskey Oilfield Services, Inc.
Commercial Surface Waste Management Facility
NW/4 NW/4 Section 16, Township 20 South, Range 37 East, NMPM
Lea County, New Mexico

Dear Mr. Maclaskey

The permit application for the Kelly Maclaskey Oilfield Services, Inc. (Maclaskey) commercial surface waste management facility located in the NW/4 NW/4 Section 16, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. In addition, a \$25,000 cash bond CD#6965 has been submitted by Maclaskey and approved by the Director. The application consists of the permit application Form C-137 dated August 8, 1997.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treating plant methods must receive prior OCD approval. Maclaskey is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Maclaskey of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Maclaskey of responsibility for compliance with other federal, state or local laws and/or regulations.

Mr. Kelly Maclaskey
November 16, 2000
Page 2

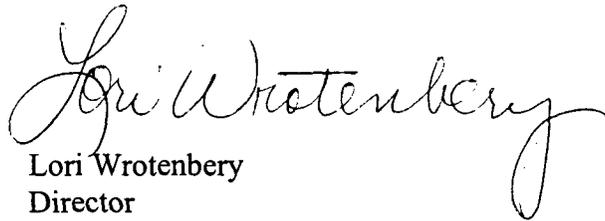
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

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

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

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

Sincerely,



Lori Wrottenbery
Director

LW/mjk

xc with attachments:
Hobbs OCD Office

**ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-01-0027
KELLY MACLASKEY OILFIELD SERVICES, INC.
NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM,
Lea County, New Mexico
(November 16, 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 weekly 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 affected 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 above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will 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. Below-grade sumps and below-grade tanks must be inspected on a weekly basis and any fluid must be removed to prevent overflow.

9. Below-grade sumps and below-grade tanks must be cleaned and visually inspected annually. Results must be recorded and maintained at the facility for OCD review. If sump/tank integrity has failed the OCD must be notified within 48 hours of discovery and the sump/tank must be replaced.
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 at the facility 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. Maclaskey 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 January 16, 2000.** The plan must address how Maclaskey 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; and
 - ii. the operator must 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 begin operations or treatment that will mitigate the source.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only 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 received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
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 waste 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 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 according to form directions.
3. Records of treating plant inspections and maintenance must be kept and maintained for OCD review.
4. Maclaskey 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; 6) NORM status declaration; and 7) transporter.
6. 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 Kelly Maclaskey Oilfield Services, Inc. for the commercial surface waste management facility.
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.

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 waste and 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

Kelly Maclaskey Oilfield Services, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Kelly Maclaskey Oilfield Services, Inc. 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:

KELLY MACLASKEY OILFIELD SERVICES, INC.

Signature _____ Title _____ Date _____



**KELLY MACLASKEY
OILFIELD SERVICES INC.**

**MONUMENT PLANT
NW1/4 NW1/4 SEC16 T20S R37E**

**24HR Emergency Response
PH 505-393-1016**





Kelly MacLasky Oilfield Services, Inc

P.O. Box 580
Hobbs, N.M. - 88241
(505) 393-1016
Kelly MacLasky

CHECKLIST FOR RULE 711 PERMIT APPLICATION COMPLETENESS

1. FACILITY TYPE *Treating Plant with 6 tanks*
2. OPERATOR NAME, ADDRESS, CONTACT PERSON AND PHONE#
3. LEGAL LOCATION *NW 1/4 NW 1/4, Sec 16, T 20S, R 37E*
4. MODIFICATION OR NEW FACILITY
5. NAME AND ADDRESS OF THE FACILITY SITE LANDOWNER *Existing Re-permitting under New Rule*
6. NAME AND ADDRESS OF ALL LANDOWNERS OF RECORD WITHIN ONE MILE OF FACILITY SITE. *on File*
7. NOTIFICATION OF ALL LANDOWNERS OF RECORD WITHIN ONE MILE OF FACILITY SITE RETURN RECEIPT SUBMITTED *on File*
8. *NA* PUBLIC NOTICE IN TWO NEWSPAPERS ORIGINAL AFFIDAVIT OF PUBLICATION SUBMITTED.
9. FACILITY DESCRIPTION WITH DIAGRAMS INDICATING ALL PERTINENT FEATURES (FENCES, BERM, ROADS, PITS, DIKES, TANKS, MONITORING WELLS)
10. CONSTRUCTION INSTALLATION DESIGNS FOR PITS, PONDS, LEAK-DETECTION SYSTEMS, AERATION SYSTEMS, ENHANCED EVAPORATION SYSTEMS, WASTE TREATING SYSTEMS, SOLIDIFICATION SYSTEMS, SECURITY SYSTEMS, AND LANDFARM FACILITIES.
11. GEOLOGICAL/HYDROLOGICAL EVIDENCE THAT FACILITY WILL NOT IMPACT GROUNDWATER. DEPTH TO AND QUALITY OF GROUNDWATER INCLUDED. *Lined & Boremed*
12. CONTINGENCY PLAN FOR REPORTING AND CLEAN-UP OF SPILLS OR RELEASES. *Rule 116*
13. H2S CONTINGENCY PLAN *No Specific Measurements.*
14. ROUTINE INSPECTION AND MAINTENANCE PLAN TO ENSURE PERMIT COMPLIANCE *weekly? often*
15. CLOSURE PLAN? *yes*
16. CLOSURE COST ESTIMATE *\$20,322.00*
17. BONDING AMOUNT *\$25,000* # TYPE *CD* DATE APPROVED
18. ANY OTHER INFORMATION AS NECESSARY TO DEMONSTRATE COMPLIANCE WITH ANY OTHER OCD RULES REGULATIONS AND ORDERS.
19. CERTIFICATION SIGNATURE AND DATE ON PERMIT

?
a

MACLASKEY OILFIELD SERVICES, INC.



P.O. BOX 580
HOBBS, NM 88241

5900 W. CARLSBAD HWY
PHONE 505/393-1016

FAX 505/393-1455

FAX: 505 827 8177 DATE: 9-22-00

TO: MARTYNE J KIELING TIME: 1:55 p

FROM: KELLY MACLASKEY

PAGE 1 OF 1 PAGES

COMMENTS: MARTYNE, IN RESPONSE
TO THE WASTE ACCEPTANCE CRITERIA FAX.
WE REQUEST TO KEEP ON FILE
EXEMPT - OIL AND GAS PRODUCTION MATERIALS
PER RCRA SUBTITLE C REGULATIONS

THANK YOU

Kelly MacLasky

OIL CONSERVATION DIVISION

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



(PLEASE DELIVER THIS FAX)

To: Kelly MacLusky (505) 393-1455 Fax

From: Martynne Kieling 827-7153 phone

Date: 10-22-00

Number of Pages (Includes Cover Sheet) Page 1 of 10

Message: Kelly, I have Enclosed a Draft of your treating Plant

Permit Conditions Please Review and call me with your Questions.

To be able to Assist you better Please Review Item "Waste

Acceptance Criteria" and the List of What is Exempt

and Non exempt and let Me know What type of Waste
you wish to accept into your Facility. IF Needed

If you have any trouble receiving this, please call:

(505) 827-7133

I will Add the Non Exempt portion Back into your Permit. conditions.

Thank you For your attention in this matter

Martynne Kieling

DRAFT

DRAFT OCD 711 PERMIT APPROVAL

**KELLY MACCLASKEY OILFIELD SERVICES, INC.
NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM,
Lea County, New Mexico
(September 21, 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 weekly 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 above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will 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. Below-grade sumps and below-grade tanks must be inspected on a weekly basis and any fluid must be removed to prevent overflow.
9. Below-grade sumps and below-grade tanks must be cleaned and visually inspected annually.

Results must be recorded and maintained at the facility for OCD review. If sump/tank integrity has failed the OCD must be notified within 48 hours of discovery and the sump/tank must be replaced.

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 at the facility 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 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. Maclaskey 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 November 29, 2000.** The plan must address how Maclaskey 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 ;

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Kelly Maclaskey Oilfield Services, Inc.
████████████████████
████████████████████

Page 3

- ii. the operator must and begin operations or treatment that will mitigate the source.

- c. 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 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 received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.

- 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.
4. Maclaskey 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; 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 Kelly Maclaskey Oilfield Services, Inc. for the commercial surface waste management facility.

By October 30, 2000 Maclaskey 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.

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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.

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.

 - e. 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.

 - f. 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

Kelly Maclaskey Oilfield Services, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Kelly Maclaskey Oilfield Services, Inc 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:

KELLY MACLASKEY OILFIELD SERVICES, INC

Signature _____ Title _____ Date _____

DRAFT

Confirmatory Soil Sampling Time and Labor for 6 samples

Labor 2 personnel \$55.00/hour
Sample 30 min per sample
Travel 1 hour
Delivery & Paperwork 2 hours

Total Time = (30 min/sample * 6 samples) + 1 hour + 2 hours = 6 hours

6 hours * \$55.00/hour * 2 persons = \$330.00 Sampling Event

Total Closure, Vegetation, and Post Closure Care Cost for Controlled Recovery, Inc.

\$ 22,692.00 SubTotal

\$ 1,276.00 NMGRT .05625

\$ 23,968.00 Total Financial Assurance

Existing Commercial Facilities financial assurance may be no less than \$25,000 no more than \$250,000.

EPA WASTE CLASSIFICATION

O & G EXPLORATION AND PRODUCTION WASTES

WHAT IS EXEMPT

(Oil and natural gas exploration and production materials and wastes exempted by EPA from consideration as "Hazardous Wastes")

- . Produced water;
- . Drilling fluids & cuttings;
- . Rigwash;
- . Geothermal production fluids;
- . Hydrogen sulfide abatement wastes;
- . Well completion and workover wastes;
- . BS&W and other tank bottoms facilities that hold exempt waste;
- . Accumulated materials from production impoundments;
- . Pit sludges and contaminated bottoms from treatment, storage or disposal of exempt wastes;
- . Gas plant dehydration wastes;
- . Gas plant sweetening wastes;
- . Cooling tower blowdown;
- . Spent filters, filter media, and backwash (assuming the filter itself is not hazardous and the residue in it is from an exempt waste stream);
- . Packing fluids;
- . Produced sand;
- . Deposits removed from piping and equipment prior to transportation;
- . Hydrocarbon-bearing soil contaminated from exempt streams;
- . Pigging wastes from gathering lines;
- . Wastes from subsurface gas storage and retrieval;
- . Constituents removed from produced water;
- . Liquid hydrocarbons & gases removed from the production stream but not from oil refining;
- . Waste crude oil from primary field operations;
- . Light organics volatilized from exempt wastes;
- . Liquid and solid wastes generated by crude oil and crude tank bottom reclaimers,
- . Stormwater runoff contaminated by exempt materials,
- . Mixtures of exempt and non exempt wastes pursuant to OCD mixture policy (see reverse)

WHAT IS NOT EXEMPT

(Materials and wastes not exempted and may be a "hazardous waste" if tests or EPA listing define as "hazardous")

- . Unused fracturing fluids or acids;
- . Cooling tower cleaning wastes;
- . Painting wastes;
- . Oil and gas service company wastes;
- . Vacuum truck and drum rinsate from trucks and drums transporting or containing non-exempt waste;
- . Refinery wastes;
- . Used lubrication oils;
- . Waste compressor oil and filters;
- . Used hydraulic fluids;
- . Waste solvents;
- . Transportation Waste;
- . Caustic or acid cleaners;
- . Boiler cleaning wastes;
- . Incinerator ash;
- . Laboratory wastes;
- . Pesticide wastes;
- . Radioactive tracer wastes;
- . Drums, insulation, and miscellaneous solids;
- . Industrial wastes from activities other than oil & gas exploration & production;
- . Manufacturing wastes;
- . Contamination from refined products.

NEW MEXICO OIL CONSERVATION DIVISION

2040 s. Pacheco St.
Santa Fe New Mexico 87505
(505) 827-7131
www.emnrd.state.nm.us/ocd/

(rev. 9/97)

NOTES:

1. As of September 1997 The OCD has adopted the following mixture policy:

A mixtures of exempt and nonexempt waste will be considered exempt **ONLY** if it meets all of the following conditions:

- A. The nonexempt portion of the waste is nonhazardous through testing,
- B. The total nonexempt portion of the waste constitutes no more than five (5) percent by volume of the final mixture unless an exception is granted by the director,
- C. The mixture is the result of an incidental and unavoidable part of an OCD approved process ,
- D. Both the exempt and nonexempt portion of the waste are generated as a result of exploration and production of oil and gas, processing of gas or the transportation of natural gas prior to processing.

If a waste which is classified as hazardous by testing or listing is mixed with any other waste, the entire resultant volume will be considered hazardous.

2. The following OCD regulated facilities may be subject to hazardous waste rules for disposal of wastes and contaminated soils containing benzene:

- Oil and gas service companies having wastes such as vacuum truck, tank, and drum rinsate from trucks, tanks and drums transporting or containing non-exempt waste.
- Transportation pipelines and mainline compressor stations generating waste, including waste deposited in transportation pipeline-related pits.

Source: Federal Register, Thursday, March 29, 1990, p.11,798 - 11,877.

3. In April, 1991, EPA clarified the status of oil and tank bottom reclamation facilities:

- A. Those wastes that are derived from the processing by reclaimers of only exempt wastes from primary oil and gas field operations are also exempt from the hazardous waste requirements. For example, wastes generated from the process of recovering crude oil from tank bottoms are exempt because the crude storage tanks are exempt.
- B. Those reclaimer wastes derived from non-exempt wastes (e.g. reclamation of used motor oil, refined product tank bottoms), or that otherwise contain material which are not uniquely associated with or intrinsic to primary exploration and production field operations would not be exempt. An example of such non-exempt wastes would be waste solvent generated from the solvent cleaning of tank trucks that are used to transport oil field tank bottoms. The use of solvent is neither unique nor intrinsic to the production of crude oil.

Source: EPA Office of Solid Waste and Emergency Response letter opinion dated April 2, 1991, signed by Don R. Clay, Assistant Administrator.

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

MEMORANDUM OF MEETING OR CONVERSATION

Telephone Personal Time 12:00 Date 9-22-00

Originating Party Martyna Kielny Other Parties Kelly Macksky

Phone 505 593 1016
Fax # 505-393-1455

Subject 211 Permit For Treating Plant
Called to Request a Written Statement
That Macksky T. Plant only wanted their Permit
Limited to Exempt waste only.

Discussion I will send a Fax and Mr. Macksky
will respond in writing.

Conclusions or Agreements Send Fax Draft Permit Conditions
Exempt Non Exempt list

Distribution

Signed Martyna J Kielny

Public Regulation Commission

3/7/2000

KELLY MACLASKEY OIL FIELD SERVICES, INC. (KANSAS Corporation)

**MAILING ADDRESS
P. O. BOX 580 HOBBS NEW MEXICO 88241**

SCC Number: 1559798 Tax & Revenue Number: 02185483001

QUALIFIED ON MARCH 24, 1992, IN NEW MEXICO.

CORPORATION IS A FOREIGN PROFIT

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

**PURPOSE OF THE CORPORATION
TRUCKING - OIL & GAS PRODUCTS**

**CORPORATION DATES
Taxable Year End Date: 12/31/98 Filing Date: 03/15/99
Corporate Existence Expiration Date:**

**SUPPLEMENTAL POST MARK DATES
Supplemental: Name Change: Purpose Change:**

**PRINCIPAL ADDRESS
5900 CARLSBAD HWY., BOX 580 HOBBS NEW MEXICO 88241**

**PRINCIPAL ADDRESS(Outside New Mexico)
HIGHWAY 254/INDUSTRIAL ROAD EL DORADO KANSAS 67042**

**REGISTERED AGENT
KELLY L. MACLASKEY
2008 N. MCKINLEY HOBBS NEW MEXICO 88240**

Designation date: 03/15/99 Agent Post Mark Date: Resignation date:

**COOP LICENSE INFORMATION
Number: Type: Expiration Year:**

**MACLASKEY, KELLY . President
NONE LISTED Vice President**

MACLASKEY, STACY *Secretary*
MACLASKEY, STACY *Treasurer*

DIRECTORS

Date Election of Directors: 09/01/99

MACLASKEY, KELLY
5900 CARLSBAD HWY HOBBS , NM 88240
MACLASKEY, STACEY L
5900 CARLSBAD HWY HOBBS , NM 88240

New Search Inquiry Page

Public Regulation Commission

3/7/2000

BANDERA PETROLIUM, INC.**MAILING ADDRESS****1320 N. WEST COUNTY ROAD HOBBS NEW MEXICO 88240**

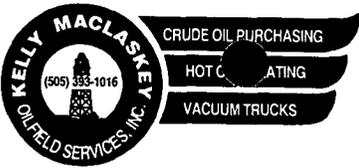
SCC Number: 1523919**Tax & Revenue Number:****INCORPORATED ON MAY 23, 1991 , IN NEW MEXICO.****CORPORATION IS A DOMESTIC PROFIT****CORPORATION IN THE PROCESS OF REVOCATION****PURPOSE OF THE CORPORATION
TO PURCHASE, SELL, & TRANSPORT CRUDE OIL****CORPORATION DATES****Taxable Year End Date:****Filing Date: //****Corporate Existence Expiration Date:****SUPPLEMENTAL POST MARK DATES****Supplemental:****Name Change:****Purpose Change:****PRINCIPAL ADDRESS****1320 N. WEST COUNTY ROAD HOBBS NEW MEXICO 88240****PRINCIPAL ADDRESS(Outside New Mexico)**

REGISTERED AGENT**JIMMY CURTIS****1320 N. WEST COUNTY ROAD HOBBS NEW MEXICO 88240****Designation date: 05/23/91****Agent Post Mark Date:****Resignation date:****COOP LICENSE INFORMATION****Number:****Type:****Expiration Year:****INCORPORATOR(S)****CURTIS, JIMMY**

DIRECTORS
Date Election of Directors:

CURTIS , JIMMY
PO BOX 430 HOBBS , NM 88240
CURTIS , PEGGY
PO BOX 430 HOBBS , NM 88240

New Search Inquiry Page



Kelly Maclaskey Oilfield Services, Inc.

P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016



August 8, 1997

Pg-1 of 4

New Mexico E.M.N.R.D.
Martyne J. Kieling
Environmental Geologist
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Monument Treating Plant Inspection Report
Form C-137
Kelly Maclaskey Oilfield Services Inc.

Dear Ms.Martyne Kieling,

Regarding your report dated April 1, 1997. The deficiencies brought to our attention and corrected are.

Item - 3 Tank battery berm has been expanded. Above ground saddle tank has been removed. Filter vessel has been placed within expanded tank battery berm.
(Picture Enclosed)

Item - 6 Tank labeling has been completed. (Picture Enclosed)

Item - 13 Facility Sign has been replaced with the current correct information. (Picture Enclosed)

Also, Enclosed is our Form C-137 in duplicate with one copy forwarded to the Hobbs OCD office. We have addressed items #8 through #13 that are not already on file per your April 1, 1997 report.

The following information is a supplement "Form C-137"

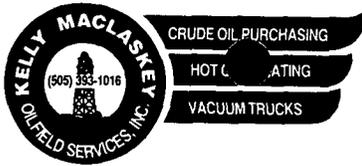
Item-5 Land owners already on file

Item-6 Diagram of facility already on file.

Item-7 Design of facility already on file.



MEMBER



Kelly Maclaskey Oilfield Services, Inc.

**P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016**

Pg-2 of 4

Item-8 Contingency plan for the reporting of spills and clean-up

A 24 hour Emergency Response Notification phone 505-393-1016, along with 24-Hr. available company vacuum trucks, dirt moving /excavating equipment, and personal will respond to an accidental surface spill.

Ground spills of 25 bbls or more of crude oil/condensate, and 100 bbls or more of salt water that does not reach a watercourse or, a ground spill of 1 bbl or more of oil/condensate or 25 bbls or more of salt water that does reach a watercourse constitutes a "Major spill" and will have priority for immediate notification to the OCD district office followed by a written report within 10 days of discovery.

Ground spills of between 5 to 25 bbls of crude oil/condensate, or 25 bbl but less than 100 bbl of salt water of which none reaches a watercourse constitutes a " Minor spill " which will warrant a subsequent notification to the OCD District office of which a complete written report will be submitted within 10 days of discovery.

Item - 9 Routine inspection and maintenance will be ongoing as company employees carry out their daily work task around the plant also, supervisory personnel frequent the plant often. All spigots that could allow a discharge by accident or vandalism are locked before leaving plant at the end of the work day.

Item - 10 Closure plan. We have compiled the following third party cost regarding closure.

Job Foreman/Coordinator:	5 days @ \$250.00 per day	\$1250.00
BS/W Disposal:	2500bbl @ \$2.75/bbl	\$6875.00
Vacuum trucks:	2500 bbl hauling 15mi.20 loads @ \$110.00	\$2200.00
Tank Cleaning:	Jet truck, Vacuum truck	\$1980.00
Jet Water:	250bbl fresh water	\$ 50.00
Jet water disposal:	250bbl @ \$2.75/bbl	\$ 687.00
Removal of tanks and residual equipment:		
Roustabout crew/truck	\$60.00 Hr.x 35hr	\$2100.00
Operator Tandem winch/trailer	\$85.00 Hr.x 35hr	\$3000.00
Dirt Work/Reclamation:	\$65.00 per Hr. 2 - 8hr days	\$1040.00
Reseed Location:		\$1000.00
Plastic liner disposal:	2-cubic yards/delivery	\$ 140.00

20,322.00



MEMBER

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: KELLY MACLASKEY OILFIELD SERVICES, INC.

Address: P.O. BOX 580

Contact Person: KELLY MACLASKEY Phone: 505-393-1016

3. Location: NW 14 NW 1/4 Section 16 Township 20S Range 37E
Submit large scale topographic map showing exact location

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.

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

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.

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

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

10. Attach a closure plan.

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.

~~NA 12~~ 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.

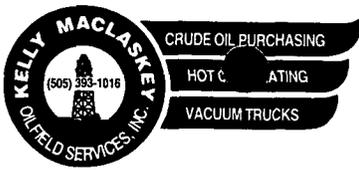
14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.

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: KELLY MACLASKEY Title: PRESIDENT

Signature: *Kelly MacLaskey* Date: 8-8-97



Kelly Maclaskey Oilfield Services, Inc.

**P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016**

Pg-3 of 4

Item-11 Geological/Hydrological: water well information source was per phone conversation with Mr. Ken Frescquez at the State Engineer's office, Roswell, New Mexico.

The water well's depth in feet in the surrounding section's vary from
Sec 9 at 12.70
Sec 17 at 26.60
Sec 8 at 19.86
Sec 16 SW1/4 at 14.7

Upon further investigation a water quality field test report was located in the engineer's file, effective as of 6-14-1990. This was quite sometime before the construction of the treating plant. The results testing for chlorides were 4010 ppm and specific conductents were at a level of 13448 ppm. This was from a observatory well located in SW1/4 of Sec-16 Rg 20S Twp 37E.

Impact to ground water from this treating plant operation will be nill with the utilization of steel above-ground storage tanks, no excavated emergency or working disposal pits, the impervious barrier created by the plastic lining, the berm around the facility, and good housekeeping practices that are in place and that will continue. However, We can not speculate on any adverse effect or not to ground water by the activity of the many operators in the adjoining areas.

Item-12 N.A.

Item-13 There is no evidence of any concentration of H2S gas at the plant. However, the plant is not located within any close proximity to commercial or domestic inhabitation.

Item-14 N.A.

Item-15 Certification

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

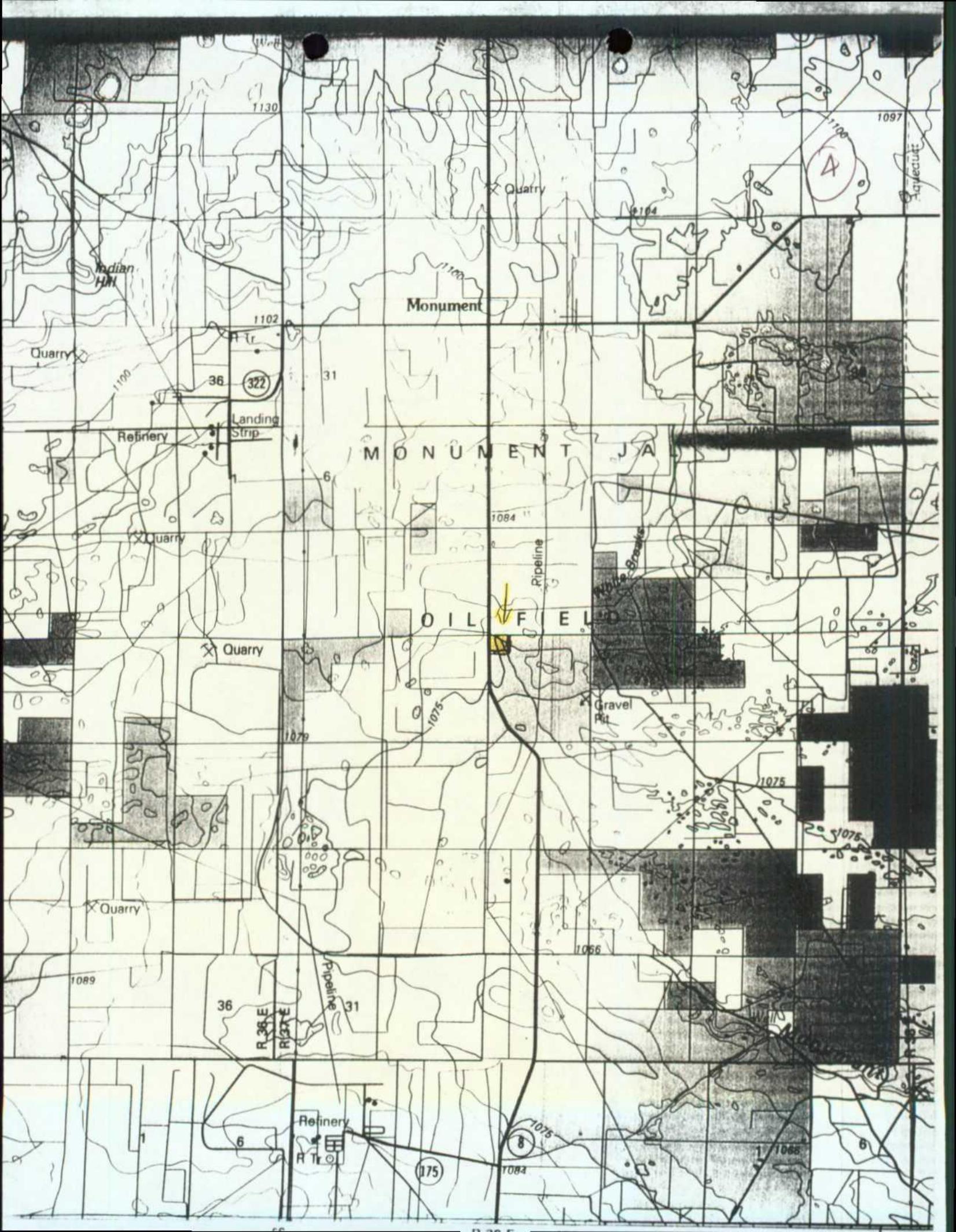
Name: *Kelly Maclaskey*

Title: *President*

Signature: *Kelly Maclaskey*

Date: *8-8-97*







ITEM-3 EXPANDED BERM

SADDLE TANK REMOVED

FILTER WITHIN BERM

Maclaskey Oilfield Services

P.O. Box 580

Hobbs, New Mexico



Item - 3

Expenses BERN

Maclasley Oilfield Services, Inc.

1000 10th St

1000

S-1

2050



S-2

2051



ITEM 6 LABELING

Maclasley Oilfield Services, Inc.
P.O. Box 580

1987

**KELLY MACLASKEY
OILFIELD SERVICES INC.**

MONUMENT PLANT

NW1/4 NW1/4 SEC16 T20S R37E

24HR Emergency Response

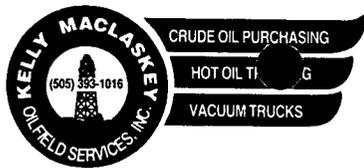
PH 505-393-1016

ITEM 13 FACILITY SIGN

Maclasley Oilfield Services, Inc.

P.O. Box 580

Holls, New Mexico 88241



Kelly Maclaskey Oilfield Services, Inc.

P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016

AUG 14 1997

August 8, 1997

Pg-1 of 4

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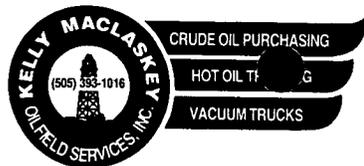
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Pg-2 of 4

Item-8 Contingency plan for the reporting of spills and clean-up

A 24 hour Emergency Response Notification phone 505-393-1016, along with 24-Hr. available company vacuum trucks, dirt moving /excavating equipment, and personal will respond to an accidental surface spill.

Ground spills of 25 bbls or more of crude oil/condensate, and 100 bbls or more of salt water that does not reach a watercourse or, a ground spill of 1 bbl or more of oil/condensate or 25 bbls or more of salt water that does reach a watercourse constitutes a "Major spill" and will have priority for immediate notification to the OCD district office followed by a written report within 10 days of discovery.

Ground spills of between 5 to 25 bbls of crude oil/condensate, or 25 bbl but less than 100 bbl of salt water of which none reaches a watercourse constitutes a " Minor spill " which will warrant a subsequent notification to the OCD District office of which a complete written report will be submitted within 10 days of discovery.

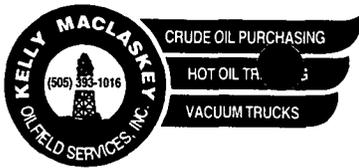
Item - 9 Routine inspection and maintenance will be ongoing as company employees carry out their daily work task around the plant also, supervisory personnel frequent the plant often. All spigots that could allow a discharge by accident or vandalism are locked before leaving plant at the end of the work day.

Item - 10 Closure plan. We have compiled the following third party cost regarding closure.

Job Foreman/Coordinator:	5 days @ \$250.00 per day	\$1250.00
BS/W Disposal:	2500bbl @ \$2.75/bbl	\$6875.00
Vacuum trucks:	2500 bbl hauling 15mi.20 loads @ \$110.00	\$2200.00
Tank Cleaning:	Jet truck, Vacuum truck	\$1980.00
Jet Water:	250bbl fresh water	\$ 50.00
Jet water disposal:	250bbl @ \$2.75/bbl	\$ 687.00
Removal of tanks and residual equipment:		
Roustabout crew/truck	\$60.00 Hr.x 35hr	\$2100.00
Operator Tandem winch/trailer	\$85.00 Hr.x 35hr	\$3000.00
Dirt Work/Reclamation:	\$65.00 per Hr. 2 - 8hr days	\$1040.00
Reseed Location:		\$1000.00
Plastic liner disposal:	2-cubic yards/delivery	\$ 140.00

20,322.00





Kelly Maclaskey Oilfield Services, Inc.

P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016

Pg-3 of 4

Item-11 Geological/Hydrological: water well information source was per phone conversation with Mr. Ken Frescquez at the State Engineer's office, Roswell, New Mexico.

The water well's depth in feet in the surrounding section's vary from
Sec 9 at 12.70
Sec 17 at 26.60
Sec 8 at 19.86
Sec 16 SW1/4 at 14.7

Upon further investigation a water quality field test report was located in the engineer's file, effective as of 6-14-1990. This was quite sometime before the construction of the treating plant. The results testing for chlorides were 4010 ppm and specific conductents were at a level of 13448 ppm. This was from a observatory well located in SW1/4 of Sec-16 Rg 20S Twp 37E.

Impact to ground water from this treating plant operation will be nill with the utilization of steel above-ground storage tanks, no excavated emergency or working disposal pits, the impervious barrier created by the plastic lining, the berm around the facility, and good housekeeping practices that are in place and that will continue. However, We can not speculate on any adverse effect or not to ground water by the activity of the many operators in the adjoining areas.

Item-12 N.A.

Item-13 There is no evidence of any concentration of H2S gas at the plant. However, the plant is not located within any close proximity to commercial or domestic inhabitation.

Item-14 N.A.

Item-15 Certification

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

Name: *KELLY MACLASKEY*

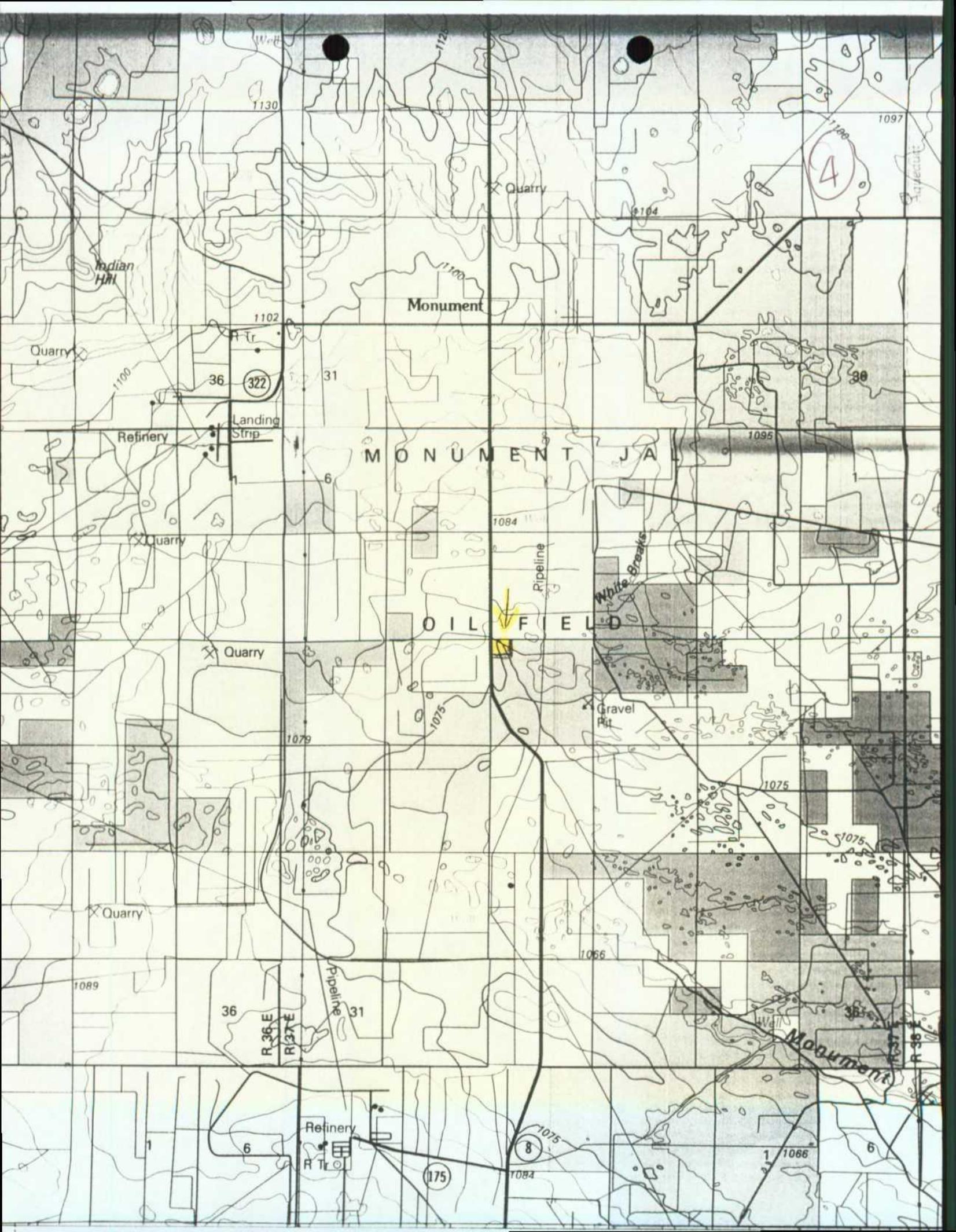
Title: *PRESIDENT*

Signature: *Kelly J. Maclo*

Date: *8-8-97*



MEMBER



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: KELLY MACLASKEY OILFIELD SERVICES, INC.

Address: P.O. BOX 580

Contact Person: KELLY MACLASKEY Phone: 505-393-1016

3. Location: NW 14 NW 1/4 Section 16 Township 20S Range 37E
Submit large scale topographic map showing exact location

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.

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

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.

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

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

10. Attach a closure plan.

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.

~~NA~~ 12. 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.

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: KELLY MACLASKEY Title: PRESIDENT

Signature: *Kelly MacLaskey* Date: 8-8-97

Bandera Petroleum, Inc.
P.O. Box 430
Hobbs, NM 88240
505 392 6456

July 26, 1997

AUG - 1

Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505-5472

RE: Form C-118

Dear Commission

Please accept this letter as notification that Bandera Petroleum, Inc. will no longer be filing the C-118 Monthly Oil Report.

As of July 1, 1997, Bandera Petroleum, Inc. has sold the reclamation facility to MacClaskey Oilfield Service and they will be responsible for reporting all oil transactions from this point on.

A June report was filed by Bandera Petroleum, Inc. in a timely manner showing a small amount of oil left in stock at the end of the month. However, this amount of oil is very high in BS&W%.

If there is additional information that you will be needing, please let me know and I will happy to assist.

Sincerely



Bridget Curtis
Bookkeeper

Bc

Cc: District I office-Hobbs, NM

Sunwest Bank of Hobbs, N.A.
P.O. Box 5310
Hobbs, New Mexico 88241-0310
Tel. 505-393-1511

Kathi Case
Loan Officer

SUNWEST
BANK

July 9, 1997

Martyne J. Kieling
Oil Conversation Division
New Mexico Energy, Minerals
and Natural Resources Department
2040 S. Pacheco St.
Santa Fe, New Mexico 87505

Dear Ms. Kieling:

I received your fax approving the transfer of Sunwest Bank CD #6965 for \$25,000 from Jimmy Curtis, President of Bandera Petroleum, Inc. to Kelly Maclaskey of Kelly Maclaskey Oilfield Services, Inc.

Sunwest Bank accepts the transfer of the Certificate of Deposit, and our records will be changed to reflect this transfer.

Enclosed you will find a corrected copy of the assignment of the CD from Bandera Petroleum, Inc. to Kelly Maclaskey Oilfield Services, Inc.

Thank you for your help with this matter. Please let me know if you have any questions.

Sincerely,



Kathi Case

KC/km

A S S I G N M E N T

THIS ASSIGNMENT made this the 1st day of July,
1997, between BANDERA PETROLEUM, INC., hereinafter called ASSIGNOR,
and KELLY MACLASKEY OILFIELD SERVICES, INC., a ^{KANSAS (KUM) D.C.} ~~New Mexico~~ corporation,
hereinafter called ASSIGNEE, W I T N E S S E T H:

WHEREAS, Assignor is the owner of CD #6965 which is pledged
as a cash collateral deposit pursuant to the Assignment of Cash
Collateral Deposit for Treating Plant Bond, a copy of which is
attached hereto, and the Assignor^{G.C. KUM.} ~~ee~~ has acquired the treating plant
permit and hereby accepts this Assignment of the CD and agrees to
be bound by all the terms and conditions of the exhibit attached
hereto and the bond heretofore made in favor of the Oil Conservation
Division of the Energy and Mineral Department.

WITNESS the hands of the parties hereto the day and year
first above written.

BANDERA PETROLEUM, INC.

BY: *Jimmy Curtis*
JIMMY CURTIS, PRESIDENT

KELLY MACLASKEY OILFIELD SERVICES, INC.

BY: *Kelly MacLaskey*
KELLY MACLASKEY, PRESIDENT

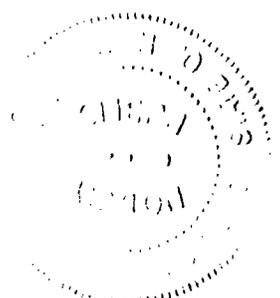
STATE OF NEW MEXICO

COUNTY OF LEA

The foregoing instrument was acknowledged before me this the 1st day of July, 1997, by JIMMY CURTIS, President of BANDERA PETROLEUM, INC., a corporation, on behalf of said corporation.

Stacy MacLaskey
NOTARY PUBLIC

My Commission Expires:
3-1-97



STATE OF NEW MEXICO

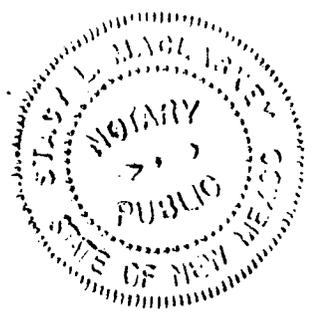
COUNTY OF LEA

The foregoing instrument was acknowledged before me this the 1st day of July, 1997, by KELLY MACLASKEY, President of KELLY MACLASKEY OILFIELD SERVICES, INC., a ~~New~~ Mexico corporation, on behalf of said corporation.

(Kansas)
(KCM)

Stacy MacLaskey
NOTARY PUBLIC

My Commission Expires:
3-1-98



MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone	<input type="checkbox"/> Personal	Time 2:00	Date 6/30/97
<u>Originating Party</u>		<u>Other Parties</u>	
J.W. Neal & Jimmy Curtis		Martynne Kieling Roger Anderson	
<u>Subject</u> Sale/trans of Permit From Bandera to Kelly Maclasky			

Discussion

- 1) CD - Assign to Purchaser. Kelley Maclasky
- 2) Attorney J.W. Neal will write a letter to William J Lemay for authorization to transfer the permit.
- 3) In the letter should be the names & addresses of all principle offices in the company.

^{Rule}
See 711.B.(1)(a)
711-C.(10)

Conclusions or Agreements

letter will be out to Lemay today.
As J.W. Neal stated.

Distribution

Signed

Martynne J. Kieling

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 3:30	Date 6/23/97
---	-----------	--------------

<u>Originating Party</u> JW Neal Atournie (505) 397-3614 For Jimmy Curtis	<u>Other Parties</u> Martyne Kiebing
---	---

Subject

Discussion
Transfer of Bandera Treating Plant Permit to Kelleg MacLasky
What Do they Need to Do.

Conclusions or Agreements
we will call back Monday 6/30/97 with an answer

Distribution

Signed *Martyne Kiebing*



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 19, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-291

Mr. Kelly Maclaskey
P.O. Box 580
Hobbs, New Mexico 88241

**RE: Bandera Petroleum, Inc. and bonding
Order amending Rule 711, new bonding forms,
and waste management facility application.**

Dear Mr. Maclaskey:

In regards to the sale of Bandera Petroleum, Inc., the purchaser must have in place with the New Mexico Oil Conservation Division (OCD) a bond for \$25,000.00 before the OCD can release the \$25,000.00 bond that is currently in place on Bandera Petroleum, Inc.

Please be advised that the OCD is in the process of repermitting all 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)).

As per our conversation on June 18, 1997 I am inclosing a copy of the Order amending Rule 711, the application for waste management facility (form C-137), and 3 (three) types of bond forms. A fourth type of bond that can be applied for is a bank letter of credit. The application will need to be filled out and returned to the OCD upon the facility receiving an OCD inspection report. Until that time the current permit is in full force and effect.

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

Sincerely,

A handwritten signature in cursive script that reads "Martyne J. Kieling".

Martyne J. Kieling
Environmental Geologist

Mr. Kelly Maclaskey
June 19, 1997
Page 2

Attachments

xc without attachments:

OCD Hobbs Office
Jimmy Curtis, Bandera Petroleum, Inc.

MEMORANDUM OF CONVERSATION

✓

TELEPHONE

PERSONAL

TIME 2:45 DATE 6/18/97

ORIGINATING PARTY Kelly MacLuskey (Buying Bandera Oil)

OTHER PARTIES Martyne Kieling

DISCUSSION Bonding issues & New Permit

Kelley is thinking about Buying Jimmy Curtis Bond
Needs New Role & Bond Info.

CONCLUSIONS Send New Role & Bond Info

Kelly MacLuskey (505) 393-1016

P.O. Box 580

Hobbs, NM 88241

MARTYNE KIELING Martyne J. Kieling

C: FILE
DISTRICT OFFICE

MEMORANDUM OF CONVERSATION

✓ TELEPHONE _____ PERSONAL _____ TIME 8:35 DATE 6/17/97

ORIGINATING PARTY Jimmy Curtis Bandera Petroleum, Inc.

OTHER PARTIES Martynne Kieling OCD

DISCUSSION Bond Release: Jimmy is selling
Bandera to a Kelley MacLaskay Oil Field Services
(Trucking Co). Jimmy was wanting to know how they
needed to go about switching Bonds for the New owner.
I asked him to have Kelley MacLaskay to write
us requesting info and that I would reply to him
(Kelley) as to what he needs to do. (Mainly to
get \$25,000 Bond in place and then we can release
Jimmy Curtis' Bond

CONCLUSIONS Wait For Letter From Kelley MacLaskay

MARTYNE KIELING Martynne Kieling

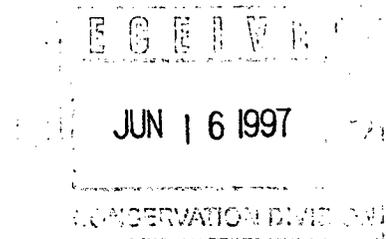
C: FILE

DISTRICT OFFICE Attn: Wayne Price

Bandera Petroleum, Inc.
P.O. Box 430
Hobbs, NM 88241
505 392 6456

June 12, 1997

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505



ATTN: Martyne J. Kieling

RE: Bond No. OCD-344
\$25,000.00 Cash Treating Plant Bond
Bandera Petroleum, Inc., Principal
Sec. 16, T20S, R37E, Lea County, NM

Dear Ms. Kieling

Please find enclosed a copy of a letter that I received in regards to your office approving the above-mentioned bond on April 10, 1992.

At this time, Bandera Petroleum, Inc., is in the process of selling the treating facility in which we were required to obtain the bond for. A definite date has not yet been set to close on the selling of the property. However, the new owners will be applying for their own Treating Plant Bond with your office sometime in the near future. I would like to request that our bond be released at the time that the new owners bond becomes effective.

I appreciate your assistance in getting this bond released at the appropriate time. However, if there is additional information that you will need in order to release Bond # OCD-344, please do not hesitate to write or call me at the number above.

Sincerely


Jimmy Curtis
President

JC/bc

Encl.



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

April 10, 1992

BRUCE KING
GOVERNOR

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

Bandera Petroleum Inc.
P. O. Box 430
Hobbs, New Mexico 88240

Attention: Jimmy Curtis

Re: \$25,000 Cash Treating Plant Bond
Bandera Petroleum, Inc., Principal
Sec. 16, T-20-S, R-37-E
Lea County
Bond No. OCD-344

Dear Mr. Curtis:

The Oil Conservation Division hereby approves the above-referenced treating plant bond effective this date.

Sincerely,

William J. Lemay
WILLIAM J. LEMAY,
Director

dr/

cc: Oil Conservation Division
Hobbs, New Mexico

BANDARA TREATMENT PLANT

CC CHRIS EUSTICE
JERRY SESTON
SARY WILK

NEW MEXICO OIL CONSERVATION COMMISSION FIELD TRIP REPORT

INSPECTION	CLASSIFICATION	FACILITY	HOURS	QUARTER	HOURS
------------	----------------	----------	-------	---------	-------

Name WAYNE PRICE Date 10-17-95 Miles _____ District I
 Time of Departure 7 AM Time of Return 4 PM Car No. G 0472

In the space below indicate the purpose of the trip and the duties performed, listing wells or leases visited and any action taken.

Signature [Handwritten Signature]

SITE VISIT WITH CHRIS EUSTICE

TOOK FIELD NOTES & PICTURES - ATTACHED
FACILITY HAS RASBIE LINE UNDER!

MEET RON BARKER - BANDARA EMPLOYEE

NOTES: BERM NEEDS REPAIRING & NEED SIGN!
ALSO NEED TO DISPOSE OF MISC CONTAMINATED
DIRT PILES; MISC SMALL OIL TANKS
WEST OF PLANT NEED SECONDARY CONTAIN-
MENT!

6/13/97
 Verbal From Mark Ashy
 That Bandara is Selling
 to someone ELSE
 Need Bonding Questions
 Answered
 Maybe

<u>Mileage</u>	<u>Per Diem</u>	<u>Hours</u>
UIC _____	UIC _____	UIC _____
RFA _____	RFA _____	RFA _____
Other _____	Other _____	Other _____

TYPE INSPECTION PERFORMED	INSPECTION CLASSIFICATION	NATURE OF SPECIFIC WELL OR FACILITY INSPECTED
H = Housekeeping	U = Underground Injection Control - Any inspection of or related to injection project, facility, or well or resulting from injection into any well. (SWD, Indry injection and production wells, water flows or pressure tests, surface injection equipment, plugging, etc.)	D = Drilling
P = Plugging	R = Inspections relating to Reclamation Fund Activity	P = Production
C = Plugging Cleanup	O = Other - Inspections not related to injection or The Reclamation Fund	I = Injection
T = Well Test	E = Indicates some form of enforcement action taken in the field (show immediately below the letter U, R or O)	C = Combined prod. inj. operations
R = Repair/Workover		S = SWD
F = Waterflow		U = Underground Storage
M = Mishap or Spill		G = General Operation
W = Water Contamination		F = Facility or location
O = Other		M = Meeting
		O = Other

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 393-7627

OIL CONSERVATION DIVISION
RECEIVED

'92 JUL 30 AM 9 04

July 27, 1992

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

ATTN: Kathy Brown

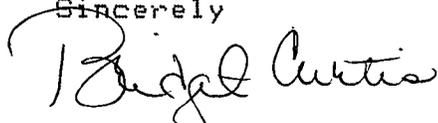
Dear Ms. Brown

As per your conversation with Scott Curtis earlier today, the dimensions of the containment dike have been changed in order to meet the requirements of the OCD. The containment dike dimensions will be 3' at the base to 2 1/2' on top by 3 1/2' tall. An additional foot has been added to the height of the dike than from the original dimensions sent in. I believe by adding the additional foot to the dike, the holding capacity will now be 1620 barrels.

I understand that providing this is sufficient with the OCD, that the permit for the plant will be approved. I will look forward to hearing from you soon, as I am eager to begin construction of the project and begin to operate the treating facility.

Your cooperation and promptness has been greatly appreciated.

Sincerely



Bridget Curtis
Secretary

cc: Chris Eustice, Hobbs OCD

IMPORTANT MESSAGE

FOR Kathy
DATE 6/17 TIME 12:40 P.M.
M. Bridget
OF Vandera Petroleum
PHONE 1 800 657-6299
AREA CODE NUMBER EXTENSION

TELEPHONED	<input checked="" type="checkbox"/>	PLEASE CALL	<input checked="" type="checkbox"/>
CAME TO SEE YOU	<input type="checkbox"/>	WILL CALL AGAIN	<input type="checkbox"/>
WANTS TO SEE YOU	<input type="checkbox"/>	RUSH	<input type="checkbox"/>
RETURNED YOUR CALL	<input type="checkbox"/>	SPECIAL ATTENTION	<input type="checkbox"/>

MESSAGE (Fax)
SD 2393-7858

SIGNED _____
LITHO IN U.S.A.

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 393-7627

RECEIVED

JUL 27 1992

OIL CONSERVATION DIV.
SANTA FE

TRANSMITTAL SHEET

SEND THE FOLLOWING PAGES TO:

NAME Kathy Brown

COMPANY NAME Oil Conservation Division

LOCATION Santa Fe, NM

FAX NUMBER 1-827-5741

FROM: Bridget Curtis
NAME

TOTAL NUMBER OF PAGES: 2 (including cover sheet)

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL ASAP.

PHONE 1-800-657-6999

COMMENTS Please call if you need additional information.
I hope this will do

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 393-7627

July 27, 1992

RECEIVED

JUL 27 1992

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

**OIL CONSERVATION DIV.
SANTA FE**

ATTN: Kathy Brown

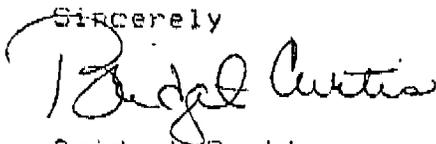
Dear Ms. Brown

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Your cooperation and promptness has been greatly appreciated.

Sincerely



Bridget Curtis
Secretary

cc: Chris Eustice, Hobbs OCD

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 393-7627

RECEIVED

JUL 21 1992

**OIL CONSERVATION DIV.
SANTA FE**

July 20, 1992

State of New Mexico
Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
PO Box 2088
Santa Fe, NM 87504-2088

ATTN: Kathy Brown

Dear Ms. Brown

In regards to your letter dated June 17, 1992 pertaining to additional information you would be needing in order to complete the application for the treating plant permit, I am enclosing several documents that I am hoping will sum up any questions you may have.

As per our conversation after my receipt of your letter, I did tell you that the original letters to the landowners were not sent certified mail. I did send a follow-up letter to the landowners and had them sign in front of a notary stating that they did receive notification of proposal and that they did not object to the building of the permitted facility. I have enclosed their signed letters and a copy of the second letters certified mail receipt.

Included in the letter, the holding capacity of the proposed containment dikes was also needed. The holding capacity has been figured to be 796 barrels around the tanks and a holding capacity of 140.8 barrels around the heater. I have enclosed Diagram A showing the dimensions of the facility.

Also I have also enclosed a Diagram B. I have taken this same drawing to Chris Eustice in the Hobbs office and he did state that this would be sufficient. In the original treatment and design capacity sent to you I called this a sump. Actually it is not a sump, but merely a drip pan system that will be set up completely above ground on a gravel pad. This is also the loading and unloading area. Please notice that the edited plant diagram does show the change to the drip pan system instead of a sump.

Also, upon further discussion with Control Recovery and Loco Hills Salt Water Disposal, we have learned that neither business is permitted to take the unmerchantable solids and liquids. Also enclosed, you will find a letter from R&K Oil Company, Inc. stating their actions of proper disposal.

BANDERA PETROLEUM, INC.

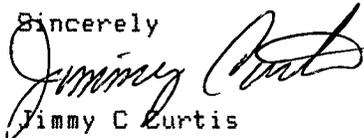
P.O. BOX 430
HOBBS, NM 88240
(505) 393-7627

You will also find a letter from Jerry Sexton dated 2-5-92, stating that the OCD cannot approve on site disposal of the waste and will not approve a blanket permit to take all future waste from your facility to an approved disposal facility. However, disposal would be permitted on a load by load case.

If there is additional information you will be needing, please let me know as soon as possible. If this should finalize my part in this matter and we are permitted to build the facility, the State Land Office is awaiting the issue of the permit to complete their paperwork. I have been in contact with Zilla Padilla in that office and have told her I would contact her as soon as we hear from you.

I will look forward to hearing from you soon. Your assistance and promptness in this matter is greatly appreciated.

Sincerely



Jimmy C. Curtis
President

JC/bc

enclosures

cc: OCD, District I



R & K Oil Company, Inc.

P.O. BOX 1229 • ANDREWS, TEXAS 79714 • (915) 523-2059

July 20, 1992

Mr. Jimmy Curtis
Bandera, Incorporated
P.O. Box 430
Hobbs, New Mexico 88240

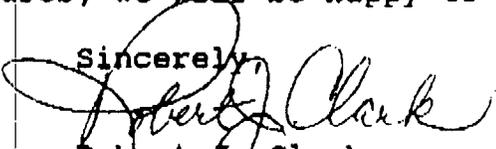
Dear Mr. Curtis:

R & K Oil Company, Incorporated has been active in purchasing various grades of crude oil in New Mexico and in West Texas for over ten years. With the advent of stricter environmental guidelines for disposal of effluent waters and solids, R & K has always handled these types of material responsibly and consistent with pre-approved procedures. We cooperate fully with the Texas Railroad Commission and the New Mexico Oil Conservation Commission.

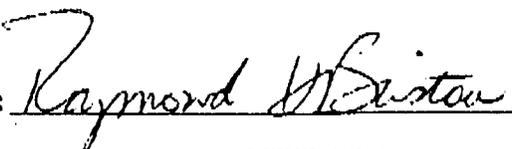
R & K Oil would like to work with Bandera on purchasing and processing its non-pipeline grade crude oil. As we have done with majors such as Amoco, Mobil, Exxon, and many independents, we can isolate Bandera's composite material. We will deoil and dewater the B,S & W. The oil will be resold to a major refinery; the water will be disposed at an approved Salt Water Disposal System. The effluent solids will be taken to Nortress, Texas where Wes-Tex Systems will dispose of the solids. Wes-Tex Systems is an approved site for oil field waste, and it is the only system R & K uses. R & K will maintain an environmental audit for all material handled from Bandera.

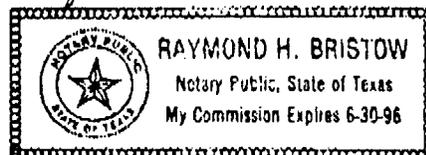
We hope that our two companies can begin doing business in the near future. Should you or any representative of the Oil Conservation Commission have questions regarding our practices and procedures, we will be happy to answer them.

Sincerely,


Robert J. Clark
Crude Oil Representative

RJC: lom
cc: David King
File

NOTARY: 



BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 393-7627

April 8, 1992

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

ATTN: Zilla P. Padilla

Dear Ms. Padilla

I have enclosed information that was requested from myself in a letter that was date January 28, 1992 from Pleas M. Glenn. In order for your office to complete the evaluation on my application you were needing the following:

1. Corrected partial relinquishment from Grazing Lessee specifying acreage.
2. A copy of the Oil Conservation permit and their approval of \$25,000 bond.
3. Approval by OCD for disposal of tank bottoms, basic sediments and water at Loco Hills Salt Water Disposal Company or Control Recovery, Inc.
4. Inspection of the containment dike by our Land Use Specialist, during installation of the pit lining and prior placement of sand, caliche and tanks.

As you can see, I have enclosed two corrected copies of the partial relinquishment of Grazing Lease, a letter from the Oil Conservation Division stating its approval on the disposal of all tank bottoms, etc. providing it is on a load by load basis. As it will be. I have recently sent the bond to Diane Richardson with the Oil Conservation office for approval. I am not sure if she will send the approved bond form to you or back to myself. I will forward it on to you, as soon as I have received it.

In the letter date 1-28-92, you had stated you were in receipt of application fees from Bandera Petroleum, Inc. At the time I received your letter, I spoke with J.W. Neal with the Neal Law Firm, who presented all information in order for Bandera Petroleum, Inc. to obtain the permit for building the treating facility and was informed that all fees were paid by himself. Please check to see if the fees are

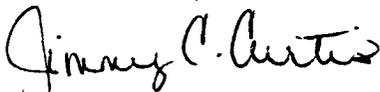
Zilla
P.M. 4/13

still showing to be outstanding. If so, please let me know so I can get with Mr. Neal and get the situation taken care of.

I have also enclosed a letter from Mobil Exploration & Producing U.S. Inc. I was not aware at the time this was first presented that there was an active Mobil lease at this site. I was advised by Alec Fraley that I should have documentation showing that there are no objections to Bandera Petroleum, Inc. building a treating facility near a Mobil lease.

If there is any additional information you will need in order to finalize this matter, please let me know. You may also speak with Bridget Curtis in the event that I am not available. We both can be reached at (505) 393 7627.

Sincerely



Jimmy C Curtis
President

JC/bc

Enclosures



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

February 5, 1992

Jimmy C. Curtis, President
Bandera Petroleum, Inc.
P.O. Box 430
Hobbs, NM 88240

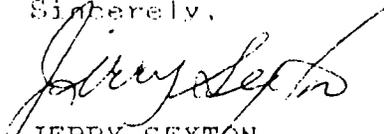
Dear Mr. Curtis:

We have reviewed your requirements from the Public Lands Office for the 1.30 acres in Section 16, Township 20 South, Range 37 East, N.M.P.M. Lea County, New Mexico, for a crude oil treatment facility. They requested approval by the Oil Conservation Division (OCD) for disposal of all tank bottoms, and basic sediments and water at an approved disposal facility.

The OCD cannot approve on site disposal of the waste and will not approve a blanket permit to take all future waste from your facility to an approved disposal facility. We will permit any waste on a load by load case.

We hope this will be sufficient to your needs. If you have any questions, please call Chris Eustice at 393-6161.

Sincerely,


JERRY SEXTON
District I Supervisor

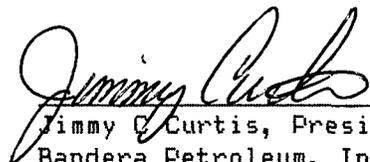
JS/sad



BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 393-7627

As a condition of acceptance for disposal, I hereby certify that this waste is an exempt waste as defined by EPA's July 1988 Regulatory Determination and that non-exempt waste that is a "hazardous waste" pursuant to the provisions of 40 CFR, Part 261, Subparts C and D, has not been added or mixed with the exempt waste in such a manner so as to make the resultant mixture a "hazardous waste" pursuant to the provisions of 40 CFR, Section 261.3(b).


Jimmy C. Curtis, President
Bandera Petroleum, Inc.
July 9, 1992

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 393-7827

CLOSURE PLAN FOR TREATING FACILITY

In the event of closure of all plant operations, Bandera Petroleum, Inc. will take the following actions in closing down the plant. An estimated cost as to what the closing of the plant will be is also shown.

1. All storage tanks will be opened up and cleaned out. Estimated cost \$800.00
2. Disconnecting of all catwalks and piping. Estimated cost at \$2,000.00.
3. All contaminated soil, if any, will be dug up and disposed accordingly. Estimated cost of \$1,600.00.
4. Removal of all plastic pit lining which will line the dikes and dispose of it accordingly. Estimated cost at \$600.00.
5. Level the dikes and backdrag location back to original state. Estimated cost at \$1,000.00
6. Sell all equipment which will include tanks, pumps, piping, and heater. Estimated cost of equipment \$7,000.00

The total cost of the demolition of the facility upon closure would be approximately \$6,000.00, with equipment that would be sold as well. Bandera Petroleum, Inc. does have an approved \$25,000.00 cash treating plant bond, also.

Please be advised that the owner of Bandera Petroleum, Inc. is also the owner of K&S Painting & Sandblasting, Inc. which is an oilfield service company with the manpower & equipment to effectively and cost efficiently abandon and remove all equipment at this site.

Jimmy C Curtis
President

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3 and 4a & b.
- 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 Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

M. Hunt Stradley
PO Box 549
Hobbs, NM 88240

4a. Article Number

P 423 637 001

4b. Service Type

- Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery

5. Signature (Addressee)

6-25-92

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

H. Rannels

PS Form 3811, November 1990 *U.S. GPO: 1991-287-066

DOMESTIC RETURN RECEIPT

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3 and 4a & b.
- 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 Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

M. Jimmie Cooper
PO Box 55
Amargosa, NM 88265

4a. Article Number

P 423 637 000

4b. Service Type

- Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery

6-24-92

5. Signature (Addressee)

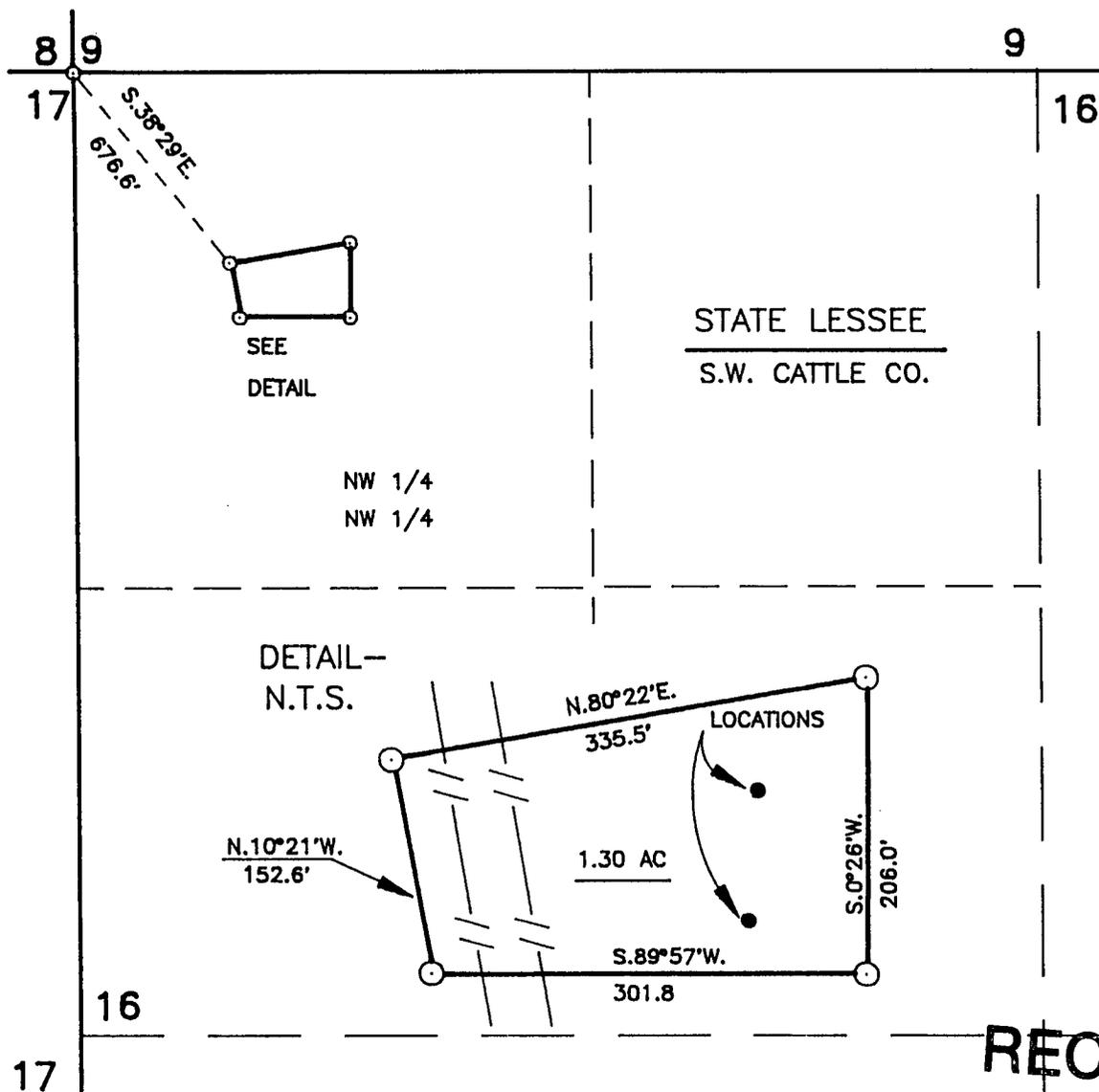
6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, November 1990 *U.S. GPO: 1991-287-066

DOMESTIC RETURN RECEIPT

SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

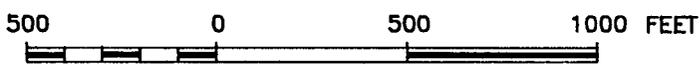


RECEIVED
APR 15 1992
OIL CONSERVATION DIV.
SANTA FE

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THIS TRACT, A POINT BEING S.38°29'E., 676.6 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16. THENCE N.80°22'E., 335.5 FEET; THENCE S.0°26'W., 206.0 FEET; THENCE S.89°57'W., 301.8 FEET; THENCE N.10°21'W., 152.6 FEET TO THE POINT OF BEGINNING. SAID TRACT CONTAINS 1.30 ACRES MORE OR LESS AND IS LOCATED SOLELY IN THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER (NW1/4 NW1/4) OF SAID SECTION 16.



I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

Ronald J. Eidson
 JOHN W. WEST N.M. P.S. No. 677
 RONALD J. EIDSON TEXAS P.L.S.C.O. No. 1138
 GARY L. JONES N.M. P.S. No. 3239
 GARY L. JONES TEXAS P.L.S.C.O. No. 1883
 GARY L. JONES N.M. P.S. No. 7977

BANDERA OIL INC

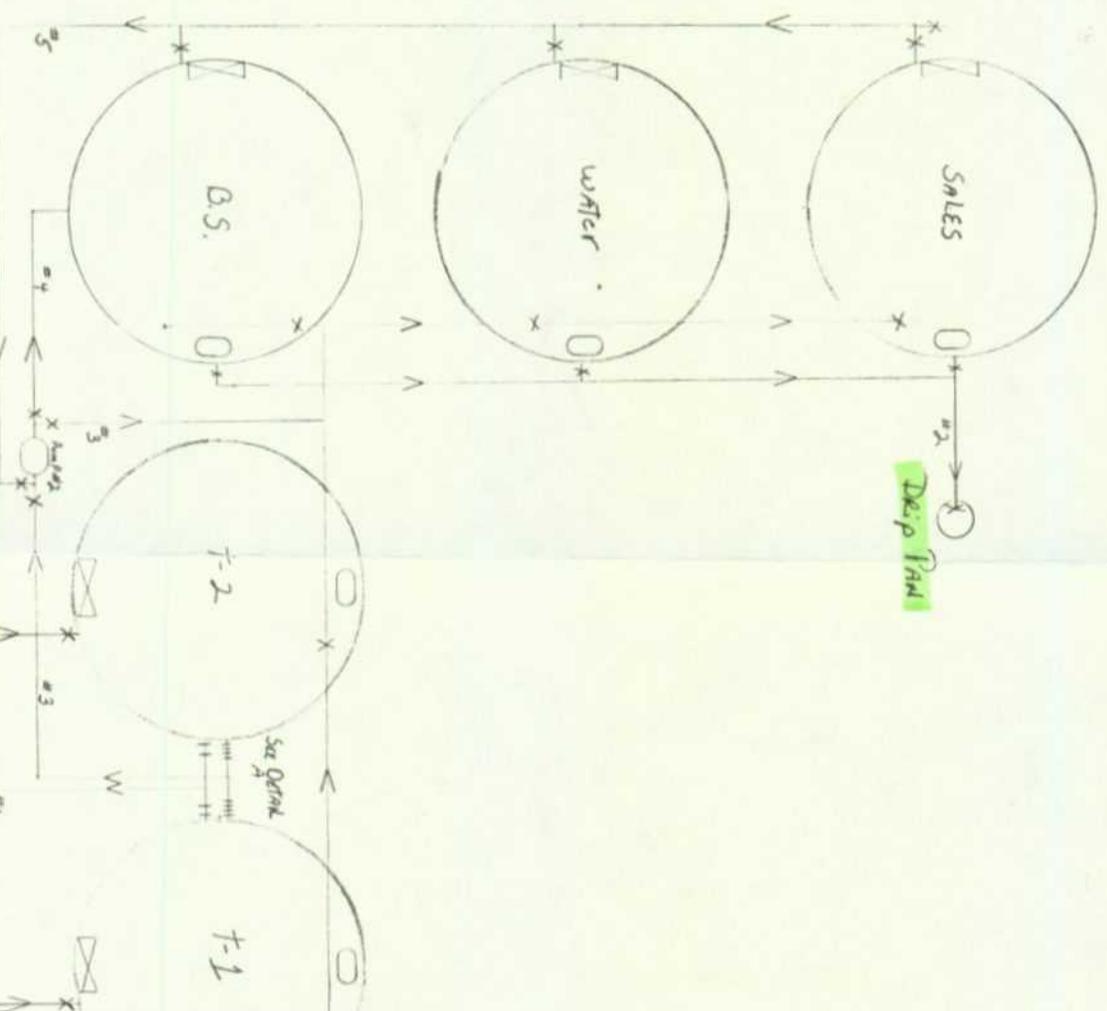
A TRACT OF LAND LOCATED IN SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

JOHN W. WEST ENGINEERING COMPANY
CONSULTING ENGINEERS & SURVEYORS - HOBBS, NEW MEXICO

Survey Date: 12-11-91	Drawn By: NICHOLS
Approved By:	Sheet 1 of 1 Sheets
W.O. Number: 91-11-0501	File Name: BAND0501
Date: 12-16-91	Disk: CN-No1
Scale: 1" = 500'	

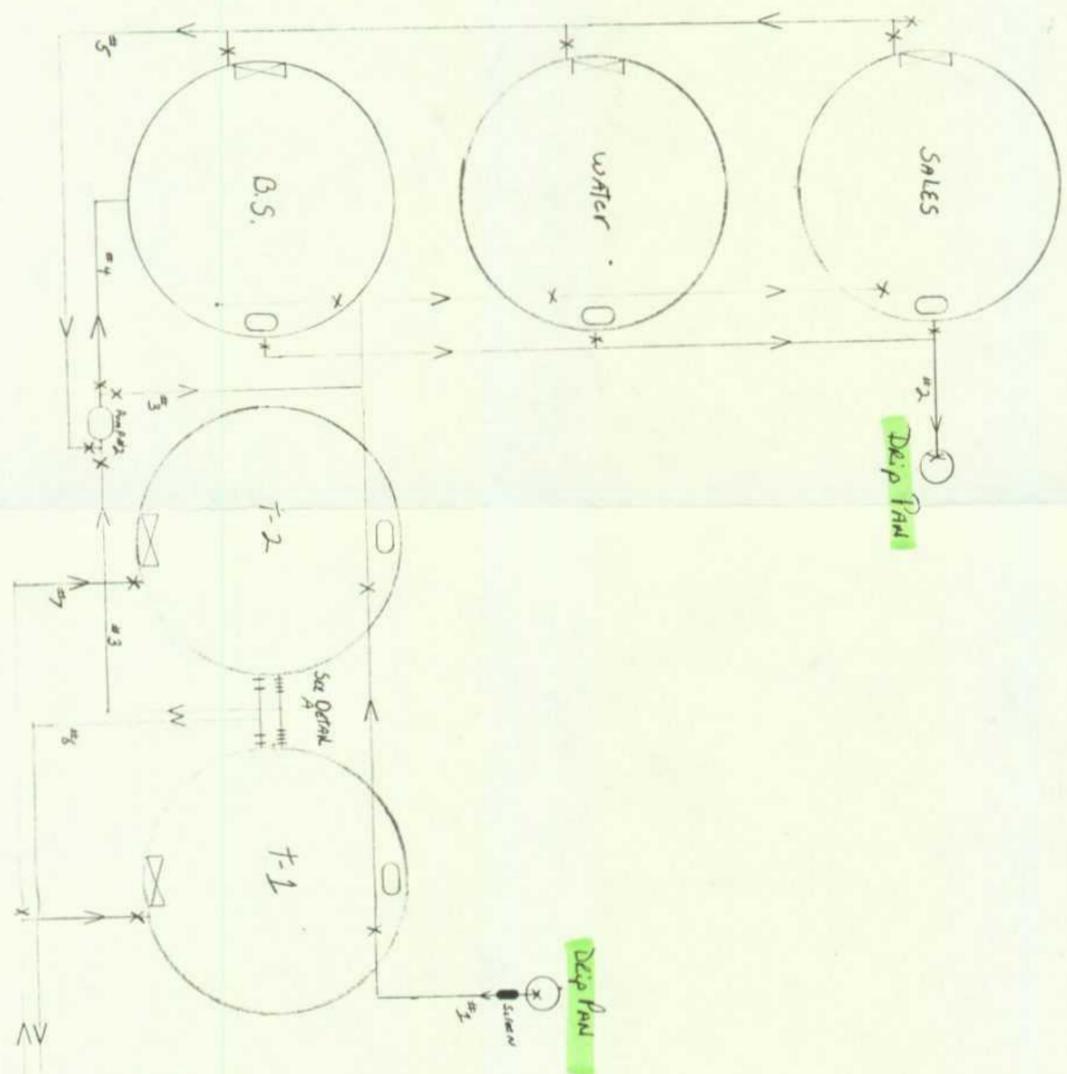
BANDEKA PEKILUEUM,

#1- 3" Fill Line	#6- 3" buried fiberglass discharge line tanks to heater
#2- 3" Sales Line	#7- 3" buried fiberglass return line from treating tanks
#3- 2" transfer line from treating tanks to holding tanks	○ - Thief hatch
#4- 2" rolling line from BS tank	⊗ - Manway plate
#5- 2" Circulating line	× - Valve
	> - Direction of flow
	○ - Located under load lines to screen to catch larger pieces of



BANDEKA PEIKULEUM, INL.

#1- 3" Fill Line	#6- 3" buried fiberglass discharge line from treating tanks to heater
#2- 3" Sales Line	#7- 3" buried fiberglass return line from heater to treating tanks
#3- 2" transfer line from treating tanks to holding tanks	○ - Thief hatch
#4- 2" rolling line from BS tank	⊗ - Manway plate
#5- 2" Circulating line	X - Valve
	> - Direction of Flow
	○ - Located under load lines to catch spills
	▬ - Screen to catch larger pieces of trash & debris



Detail A

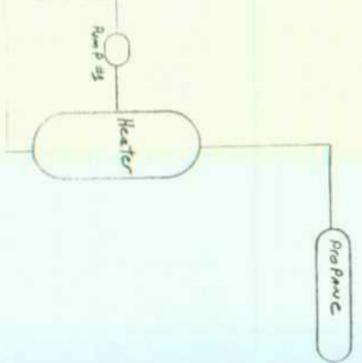
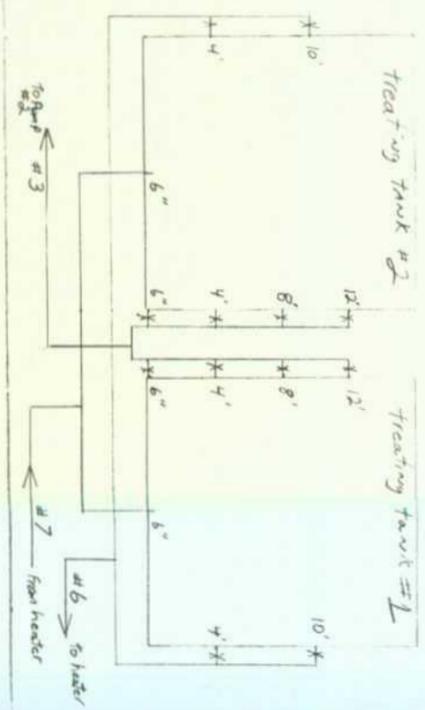
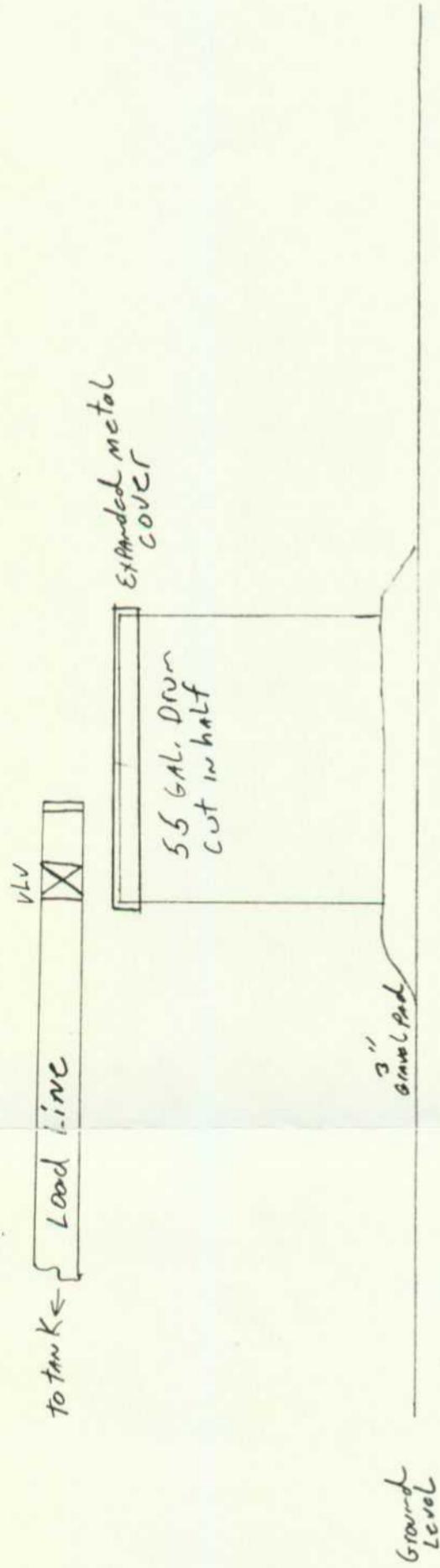
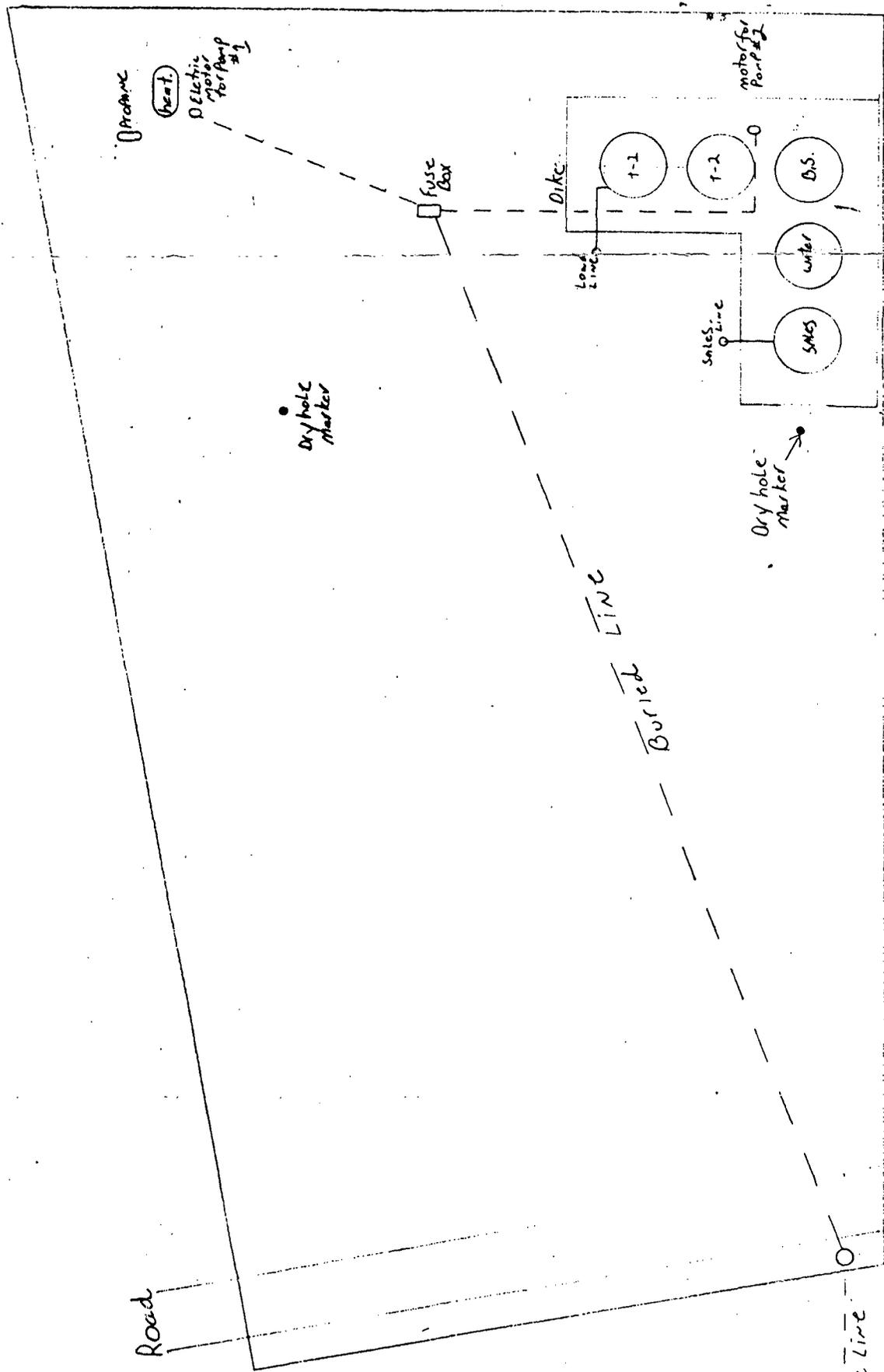
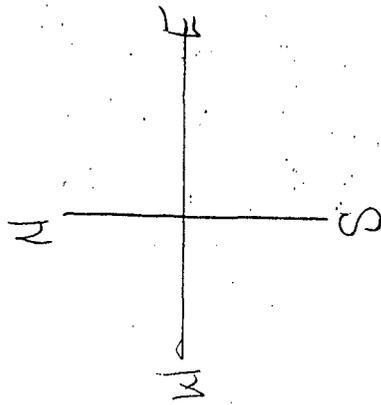


Diagram B





The landowners within 1/2 mile of the proposed facility are Jimmie Cooper and State of N.M., with Trent Stradley leasing the land from the State. All of Mr. Cooper's land is west of Highway 8. Trent Stradley is leasing the land on the East side of the road from the State of New Mexico. The State Land Office is aware of the proposed plant and is awaiting the permitting of the plant. Alec Fraley with the State Land Office will be inspecting all construction upon being permitted.

Highway 8

Electric Line Pole



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

June 17, 1991

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

CERTIFIED MAIL
RETURN RECEIPT NO. P-670-683-647

Mr. Jimmy C. Curtis
Bandera Petroleum, Inc.
P.O. Box 430
Hobbs, New Mexico 88240

**RE: Request for Treating Facility, Bandera Petroleum, Inc.
Lea County, New Mexico**

Dear Mr. Curtis:

The Oil Conservation Division (OCD) has received and is in the process of reviewing the above referenced application for a treating facility located in the NW/4 NW/4, Section 16, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico. The following comments and requests for additional information are based on review of the application, dated April 14, 1992. In order for the review process to continue the OCD requires the following information:

1. It is unclear as to whether your unmerchantable solids and liquids will be disposed of at Loco Hills Salt Water Disposal or at Control Recovery, Inc. Please submit information to clarify this item.
2. The OCD requires all above ground tanks other than fresh water be bermed to contain a volume one-third more than the largest tank or all interconnected tanks. Submit the holding capacity of the proposed containment dike around the tanks.
3. All new sumps must be approved by the OCD prior to installation and must incorporate secondary containment and leak detection in their designs. Enclosed are the OCD Guidelines for the Selection and Installation of Below-Grade Produced Water Tanks which are also applicable to sumps. Submit your engineering designs for the two sumps proposed for the facility.

Mr. Jimmy C. Curtis

June 17, 1992

Page 2

4. Do you plan to have any type of containment around your equipment and loading/unloading area? Note that the OCD will require containment around all equipment and loading/unloading areas which show evidence of leaks and spills reaching the ground surface when the facility is in operation.
5. OCD approved treating facilities may only accept oil field wastes which are exempt from RCRA Subtitle C regulations or are non hazardous by characteristic testing analysis. Non hazardous, non oil field wastes may be accepted on a case-by-case basis after prior approval from the OCD. Provide a commitment to only accept the above type of wastes at your facility.
6. The OCD must be notified of any fire, break, leak, spill, or blowout as set forth in OCD Rule 116. A commitment is required to provide the OCD with the proper notification in accordance with Rule 116.
7. The OCD requires all permitted facilities to include a closure plan to describe what actions will be taken when operations cease. Submit a closure plan which includes a commitment to close the facility in accordance with all OCD rules and regulations in place at the time of closure.
8. Although Bandera has provided a copy of the letters sent to the landowners within one-half mile of the facility, it is also necessary to provide copies of the certified mail receipts. In addition, submit a map which shows the property boundaries of the proposed facility and all surrounding landowners.

Submission of the above requested information will allow the review process to continue. If you have any questions please do not hesitate to contact me at (505) 827-5884.

Sincerely,



Kathy M. Brown
Geologist

Attachment

xc: Chris Eustice, OCD Hobbs Office

A. No treating plant shall operate except in conformity with the following provisions:

(1) Prior to the construction of a treating plant, application in the form of an affidavit for treating plant permit shall be filed in DUPLICATE with the Santa Fe Office of the Division and one copy to the appropriate district office. Such application shall be accompanied by:

- (a) a plat showing the location of the plant in relation to governmental surveys (section, township and range) and to highways or roads giving access to the plant site;
- (b) a description of the plant, type and process of treatment and design capacity;
- (c) a diagrammatic plan of plant layout including location of water wells, pits, dikes, dwellings, fences and cattle-guards within 1/4 mile of the site;
- (d) a description of containment dikes and pits, if any, with detailed information on construction and lining;

(Note: any pits, lined pits or below grade tanks used at the site must meet Division requirements for ground water protection);

- (e) a demonstration that any unmerchantable solids or liquids resulting from operation of the facility will be disposed of at a Division approved site;
- (f) a demonstration that the notice requirements of Paragraph ??? (2) of this rule have been met.

(2) The applicant shall give written notice to the owners of the surface of the plant site and an area within one-half (1/2) mile. The applicant shall also give notice of his application by advertisement in a paper of general circulation published in the county in which the treating plant is to be located. Both the written notice and published notice shall state the name of the plant operator, the nature of the proposed operation, the design capacity, and that any person seeking to oppose such application must file a protest with the Division within 20 days of the date of the notice.

(3) Before commencing construction all treating plants shall have a surety or cash bond in the amount of \$25,000, in a form approved by the Division, conditioned upon compliance with statutes of the State of New Mexico and rules of the Division, and satisfactory clean-up of site upon cessation of operation, in accordance with Part (12) ??? of this Rule. If a bond has been secured for a commercial surface waste disposal facility permit at the location, that bond shall be sufficient for the treating plant portion of the facility, providing they are contiguous. If an adequate bond is posted by the applicant with a federal or state agency and the bond otherwise fulfills the requirements of this rule, the Division may consider the bond as satisfying the requirement of this rule. The applicant must notify the Division of any material change affecting the bond filed for the site and must, in any case, report the status of their bond annually to the Division;

(4) The Director of the Division may issue a treating plant permit upon a finding that a complete and proper application has been filed and that no party has objected within 20 days following submittal of the application.

(5) The permit shall be consistent with the application and appropriate requirements of Division rules and The Oil and Gas Act.

(6) The Director of the Division may set any application for a treating plant permit for public hearing.

Letters but no certified mail receipts. No map showing land ownership

*Pub. 12/16/91
NO design capacity*

*OK -
JW/
Diane
set
copy*

N/A

N/A

N/A

(7) Such permit shall entitle the treating plant operator to an approved Form C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas, for the total amount of products secured from sediment oils and miscellaneous hydrocarbons processed by the operator. All permits shall be revocable, after notice and hearing, upon showing of good cause and are transferable only upon written approval of the Division Director.

(8) No treating plant operator may accept sediment oil at or into the treating facility unless the same is accompanied by an approved Form C-117-A (Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit).

(9) Except as provided under Rule ??? 311(h), no treating plant operator may accept tank bottoms from pipeline stations, crude oil storage terminals or refineries, pipeline break oil or other miscellaneous hydrocarbons for processing or mixing with recovered pipeline oil unless the same is accompanied by an approved Form C-117-A.

(10) All treating plant operators shall file a monthly report which shall detail the net oil recovered and sold during the preceding month. See Rule 1118.

(11) The operator of each lease from which sediment oil is removed for reclamation shall be promptly notified by the treating plant operator of the amount of pipeline oil recovered therefrom. In the event sediment oil from two or more separate leases is to be commingled prior to treating, the treating plant operator shall determine the amount of pipeline oil attributable to each lease by testing a representative sample of the sediment oil from said lease in accordance with the standard centrifugal test prescribed by the API Manual of Petroleum Measurement Standards, Chapter 10, Section 4. Other test procedures may be used if such procedures reliably predict the percentage of good oil to be recovered from sediment oil.

(12) To protect migratory birds, all tanks exceeding 16 feet in diameter, and exposed pits and ponds shall be screened, netted or covered. Upon written application by the operator, an exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that an alternative method will protect migratory birds or that the facility is not hazardous to migratory birds.

(13) Upon cessation of treating plant operations for 6 consecutive months, the operator will complete clean-up and restoration of the facility site within 6 months, unless an extension of time is granted by the Director of the Division. Such clean-up shall be in accordance with a plan acceptable to the Division Director and may include removal or demolition of buildings, removal of all tanks, vessels, equipment or hardware, containment and removal of fluids and chemicals, back-filling and grading of pits, removal of contaminated soil, and reclamation of the general plant site area. Prior to release of the bond covering the plant, a representative of the Division will inspect the site to determine that restoration is adequate.

(14) The Director of the Division may suspend any treating plant permit when it appears that such suspension is necessary to prevent waste, to protect fresh water, or to assure compliance with Division rules or orders.

WIA
RULE 313. - EMULSION, BASIC SEDIMENTS,
AND TANK BOTTOMS

(as of 3-1-91)

Wells producing oil shall be operated in such a manner as will reduce as much as practicable the formation of emulsion and basic sediments. These substances and tank bottoms shall not be allowed to pollute fresh waters or cause surface damage. If tank bottoms are removed to surface pits, the pits shall be fenced and the fence shall be kept in good repair. To protect migratory birds, all tanks exceeding 16 feet in diameter, and exposed pits and ponds shall be screened, netted or covered. Upon written application by the operator, an exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that an alternative method will protect migratory birds or that the facility is not hazardous to migratory birds.

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 383-7627

April 14, 1992

RECEIVED

APR 15 1992

OIL CONSERVATION DIV.
SANTA FE

State of New Mexico
Energy, Minerals, and Natural Resources Dept.
Oil Conservation Commission
P.O. Box 2088
Santa Fe, NM 87504

ATTN: Roger Anderson

Dear Mr. Anderson

Earlier today I was notified by Jerry Sexton of the Hobbs District Office that the \$25,000 treating plant bond had been received by your office. I also was informed that you did not have any other documents showing my application for the treating plant permit. To begin, I would like to apologize for the confusion in this matter.

In January, my attorney was in Santa Fe on a legal matter and also presented my application for treating plant permit. I assumed that he had presented it to the Oil Conservation Commission due to the copy of the Rule 312 I had provided him with. When I was contacted by Mr. Sexton today, I spoke with Mr. Neal about who his presentation was with. He informed me that he had spoke with the Commission of Public Lands. I have received several documents and answered many questions from this office, but I assumed that was the normal procedure in order to obtain the permit for building the treating plant.

As you can see, I have enclosed all documents required in Rule 312 as my application on the construction of the treating plant.

If there is any additional information you will be needing from Bandera Petroleum, Inc., please let me know and I will respond as soon as possible. If I am not available please speak with Bridget Curtis.

Sincerely,



Jimmy C Curtis
President

*Let Bea
with State
Land know.*

*Plastic liner has
been laid*

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 393-7627

RECEIVED

APR 15 1992

OIL CONSERVATION DIV.
SANTA FE

TREATMENT PROCESS AND DESIGN CAPACITY

Bandera Petroleum, Inc. is proposing to build and operate a treating facility in which it can provide a better and more thorough service to its customer. At the present time, Bandera is skimming moderately bad oil (less than 10% BS&W) off of the tops of Salt Water Disposal Systems. After the oil has been skimmed, another company must be called to skim the remaining BS from the tank.

In the event that Bandera Petroleum, Inc. is permitted to build the treating facility, the business would be capable of skimming all oil and unwanted BS from the systems. Therefore, Bandera could provide a more simplified and complete service to its customers.

The proposed facility would consist of the following equipment for the treatment process:

- 2-500 barrel treating tanks
- 1-500 barrel basic sediment storage tank
- 1-500 barrel water storage tank
- 1-500 barrel sales tank
- 1-heater
- 1-circulating and transfer pump
- 1-circulating pump for heater

The process used in treating the oil and BS is basic. Begin by unloading all fluids skimmed into one of the two treating tanks. Once the treating tank is full, begin heating the tank by circulating fluid from the connection at 10' on side of tank through the heater and back into the bottom of the tank. Fluid entering the bottom of the tank will be heated to approximately 190 degrees. Continue this process until the contents of the tank are heated to desired temperature. At this point, shut down the circulation and let the fluids settle until the BS, water and oil have separated. When the tank has cooled, the good oil off of the top will be transferred to the sales tank, the water will be transferred to the water storage tank, and the BS transferred to the basic sediment storage tank. When the water storage tank becomes full, the water will be taken to a disposal. Bandera Petroleum, Inc. has established a contract with Control Recovery, Inc. for the disposal of the basic sediment.

The entire plant, excluding the heater, will be surrounded by a containment dike constructed in a way which would be effective in protecting the underlying ground and water table.

BS → Loco Hills or
W&W CRI

Water → ?

Oil Sale → ?

Where is water
disposed of?

Volume of dike
containment?

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 383-7627

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**OIL CONSERVATION DIV.
SANTA FE**

JANUARY 17, 1992

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
P.O. BOX 2088
SANTA FE, NM 87504

ATTN: OIL CONSERVATION DIVISION

Upon Bandera Petroleum, Inc. being permitted to build a treating facility, the unmerchantable solids or liquids resulting from the operation of the facility will be disposed of at Loco Hills Salt Water Disposal in Loco Hills, New Mexico. Jimmy Curtis, President of Bandera Petroleum, Inc. did consult with Dick Maloney of Loco Hills Salt Water Disposal on 1-17-92 to verify that he would allow Bandera to dispose of the tank bottoms in Loco Hills.

APPLICANT

Jimmy Curtis

BANDERA PETROLEUM, INC.
JIMMY C CURTIS, PRESIDENT



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-19
(505) 393-6161

February 5, 1992

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**OIL CONSERVATION DIV.
SANTA FE**

Jimmy C. Curtis, President
Bandera Petroleum, Inc.
P.O. Box 430
Hobbs, NM 88240

Dear Mr. Curtis:

We have reviewed your requirements from the Public Lands Office for the 1.30 acres in Section 16, Township 20 South, Range 37 East, N.M.P.M. Lea County, New Mexico, for a crude oil treatment facility. They requested approval by the Oil Conservation Division (OCD) for disposal of all tank bottoms, and basic sediments and water at an approved disposal facility.

The OCD cannot approve on site disposal of the waste and will not approve a blanket permit to take all future waste from your facility to an approved disposal facility. We will permit any waste on a load by load case.

We hope this will be sufficient to your needs. If you have any questions, please call Chris Eustice at 393-6161.

Sincerely,

JERRY SEXTON
District I Supervisor

JS/sad



AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, Kathi Bearden

of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period

of _____

One weeks.
Beginning with the issue dated

Dec. 16, 1991
and ending with the issue dated

Dec. 16, 1991

Kathi Bearden
General Manager

Sworn and subscribed to before

me this 18 day of

December, 1991

Paula Parrish

Notary Public.

My Commission expires _____

Aug. 5, 1995
(Seal)

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

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OIL CONSERVATION DIV.
SANTA FE

LEGAL NOTICE
December 15, 1991
PUBLIC NOTICE
Please be advised that Bandera Petroleum, Inc. is proposing to build a treating plant that will be designed to process and treat moderately bad crude oil to saleable oil.
Legal description for the property to where the plant will be established is as follows:
S16 T20S R37E
525' from north line
660' from west line
Lea County, New Mexico
Any objections to the permitting of the treating plant must be filed within 20 days of notice with the Director of the Oil Conservation Division.
Jimmy C Curtis
President

Mobil Exploration & Producing U.S. Inc.

P.O. BOX 633
MIDLAND, TEXAS 79702-0633

MIDLAND SOUTH ASSET TEAM

April 3, 1992

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SERVATION DIV.
SANTA FE

Bandera Petroleum, Inc.
P. O. Box 430
Hobbs, New Mexico 88240

Attn: Mr. Jimmy Curtis

NO OBJECTION TO
CONSTRUCTION OF PLANT SITE
STATE OF NEW MEXICO LEASE B-874
LEA COUNTY, NEW MEXICO
NM-555

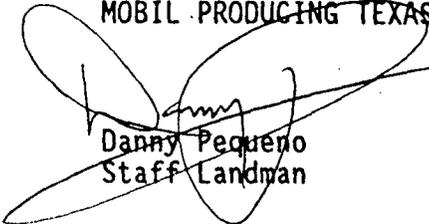
Dear Mr. Curtis:

Pursuant to your recent request by letter dated March 30, 1992, Mobil Producing Texas & New Mexico Inc. has no objection and hereby grants permission to Bandera Petroleum, Inc. to use the surface located adjacent to Mobil's lease in Section 16, T-20-S, R-37-E, Lea County, New Mexico. It is our understanding that the State of New Mexico has already granted Bandera Petroleum, Inc. the right to use the surface of the land for your construction of the treating facility on the adjacent land. Such being the case, Mobil grants its permission accordingly.

If I can be of further assistance in the subject matter, please write to me at the letterhead address or you may call me at (915) 688-2112.

Very truly yours,

MOBIL EXPLORATION & PRODUCING U.S. INC.
as agent for
MOBIL PRODUCING TEXAS & NEW MEXICO INC.


Danny Pequeno
Staff Landman

DP/kc

M209366D.DP

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 383-7627

DECEMBER 15, 1991

Mr. Trent Stradley
P.O. Box 549
Hobbs, NM 88240

Dear Mr. Stradley

Please be advised that Bandera Petroleum, Inc. is proposing to build a treating plant within one-half mile of your property. This plant will be designed to process and treat moderately bad oil to saleable oil.

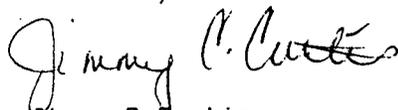
You have the right to protest the permitting of this plant. Any objections you may have must be filed within 20 days of this notice with Director of the Oil Conservation Division.

The following is the legal description of the property to where the plant will be built:

Section 16, Township 20 S, Range 37 E
525' from north line
660' from west line
Lea County, New Mexico

Your time and cooperation in this matter is greatly appreciated.

Sincerely



Jimmy C Curtis
President

JC//bc

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APR 15 1992

OIL CONSERVATION DIV.
SANTA FE

BANDERA PETROLEUM, INC.

P.O. BOX 430
HOBBS, NM 88240
(505) 393-7827

DECEMBER 15, 1991

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APR 15 1992

OIL CONSERVATION DIV.
SANTA FE

Mr. Jimmie Cooper
P.O. Box 55
Monument, NM 88265

Dear Mr. Cooper

Please be advised that Bandera Petroleum, Inc. is proposing to build a treating plant within one-half mile of your property. This plant will be designed to process and treat moderately bad oil to saleable oil.

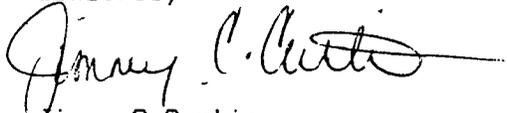
You have the right to protest the permitting of this plant. Any objections you may have must be filed within 20 days of this notice with Director of the Oil Conservation Division.

The following is the legal description of the property to where the plant will be built:

Section 16, Township 20 S, Range 37 E
525' from north line
660' from west line
Lea County, New Mexico

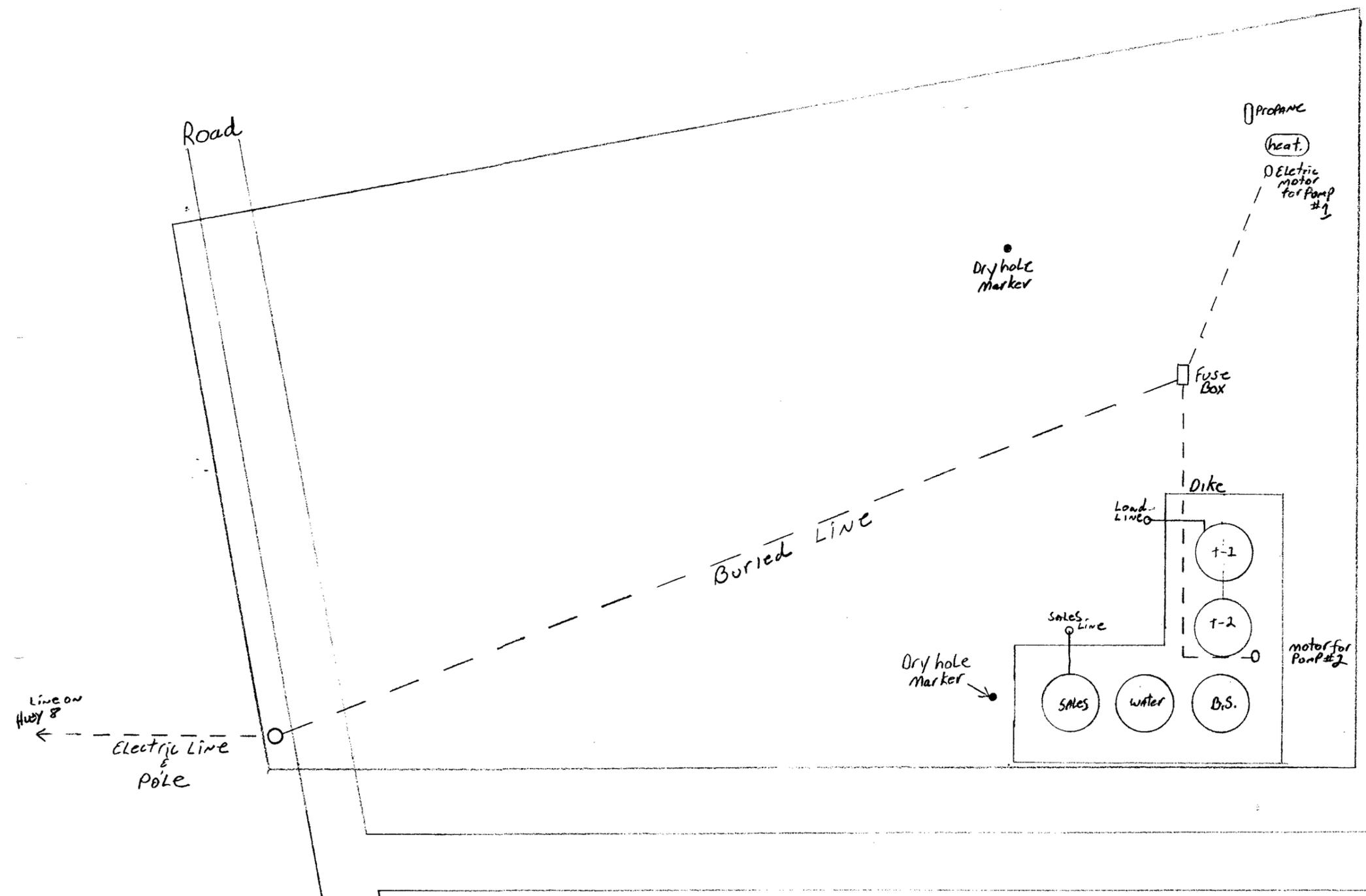
Your time and cooperation in this matter is greatly appreciated.

Sincerely



Jimmy C Curtis
President

JC//bc



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SANTA FE

Road

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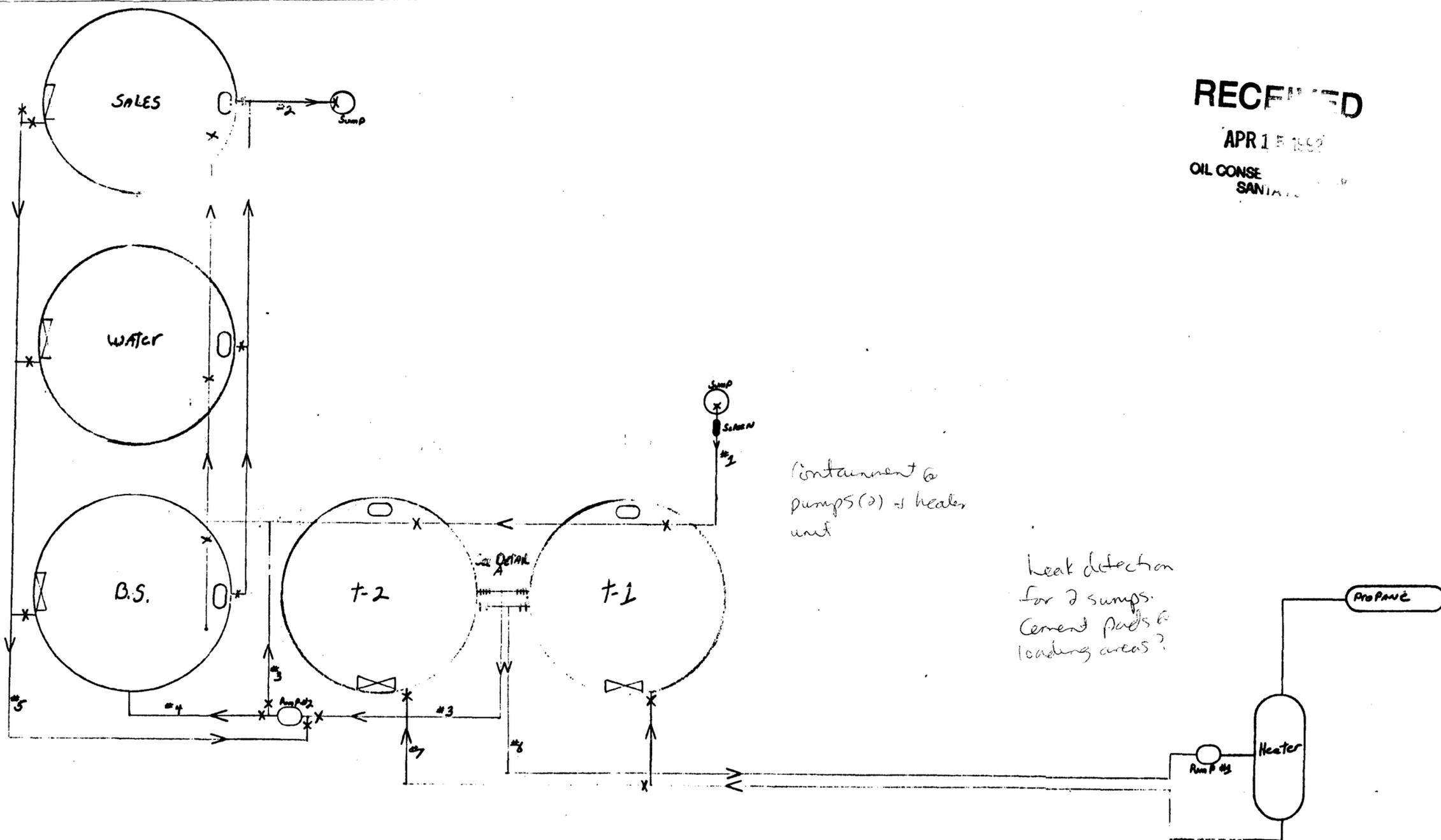
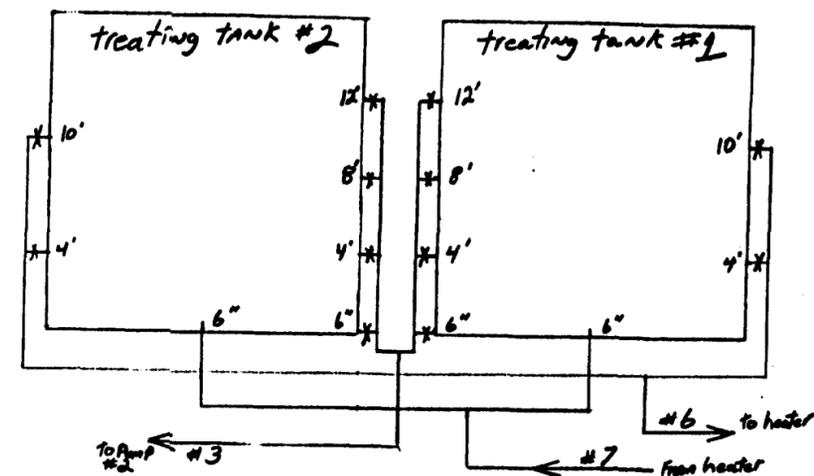
APR 15 1992

OIL CONSERVATION DIV.
SANTA FE

BANDERA PETROLEUM, INC.

#1- 3" Fill Line	#6- 3" buried fiberglass discharge line from treating tanks to heater.
#2- 3" Sales Line	#7- 3" buried fiberglass return line from heater to treating tanks
#3- 2" transfer line from treating tanks to holding tanks	○ - Thief hatch
#4- 2" rolling line from BS tank	⊠ - Manway plate
#5- 2" Circulating line	X - Valve
	> - Direction of Flow
	○ - Sump. Located under load lines to catch spills
	■ - Screen to catch larger pieces of trash & debris

DETAIL A



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APR 15 1992

OIL CONSE
SANTA FE