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ORDER

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

Case No. 9057
Order NO. R-3960-A

APPLICATION OF NEW MEXICO PETROLEUM
COMPANY TO AMEND DIVISION ORDER NO.
R-3960 AND TO TRANSFER OWNERSHIP OF
ITS OIL TREATING PLANT APPROVED BY
SAID ORDER, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 7, February 4, and March 4 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of March, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) Division Order No. R-3960, dated May 12, 1970, authorized New Mexico Petroleum to install and operate a chemical and heating process type oil treating plant for the purpose of treating and reclaiming sediment oil obtained from tank bottoms and waste pits at a site in the SE/4 of Section 25, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) The applicant, New Mexico Petroleum Company, seeks to amend Division Order No. R-3960 to reflect the proper location of its oil treating plant which is actually located in the SW/4 SE/4 of Section 7, Township 11 South, Range 34 East, NMPM, Lea County, New Mexico.

(4) Although said order showed the incorrect location of the subject plant site, the Hobbs District Office of the Division was aware of the actual site location.

(5) Amending said Order No. R-3960 will not cause or create any adverse administrative reporting procedures for either the Division or operator.

(6) Said Order should be amended at this time to reflect the proper site location as described above in Finding Paragraph No. (3) and the correction set forth should be entered as of May 12, 1970.

(7) Applicant further seeks to transfer ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland Caudill to Jess Keeth pursuant to Division General Rule 312.

(8) By letter dated January 20, 1987, the Division Director administratively approved and recognized this transfer.

(9) The portion of this application seeking such transfer of ownership is unnecessary at this time and should therefore be dismissed.

IT IS THEREFORE ORDERED THAT:

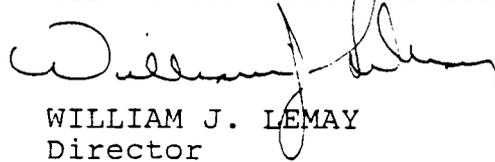
(1) The portion of the application seeking to transfer ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland Caudill to Jess Keeth pursuant to Division General Rules 312 is hereby dismissed.

(2) All references to the location of the oil treating plant site in Finding Paragraph No. (2) on page 1 and Decretory Paragraph No. (1) on page 2 of Division Order No. R-3960, dated May 12, 1970 are hereby amended to read "the SW/4 SE/4 of Section 7, Township 11 South, Range 34 East, NMPM, Lea County, New Mexico".

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

NM Petro. Co.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

\$ 25,000
BOND

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No. 0-118's

CASE No. 4342
Order No. R-3960

APPLICATION OF DEARING, WRIGHT, GIBBINS,
AND CHURCH, DOING BUSINESS AS NEW MEXICO
PETROLEUM COMPANY, FOR AUTHORITY TO OPER-
ATE AN OIL TREATING PLANT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 29, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 12th day of May, 1970, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicants, Dearing, Wright, Gibbins, and
Church, doing business as New Mexico Petroleum Company, seek
authority to install and operate a chemical and heating process
oil treating plant in the SE/4 of Section 25, Township 11 South,
Range 33 East, NMPM, Lea County, New Mexico, for the reclamation
of sediment oil to be obtained from tank bottoms and waste pits.

Not correct
Location
Sec
R-3960A

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

(4) That the subject application should be approved as
being in the best interest of conservation.

IT IS THEREFORE ORDERED:

(1) That the applicants, Dearing, Wright, Gibbins, and Church, doing business as New Mexico Petroleum Company, are hereby authorized to install and operate a chemical and heating process oil treating plant in the SE/4 of Section 25, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms and waste pits;

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

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

(2) That the operators of the above-described oil treating plant shall construct and maintain in proper repair a dike or firewall at least 24 inches in height and completely encircling all of the treating plant facilities and having a capacity at least one-third larger than the combined capacity of all of the enclosed tanks or vessels.

(3) That the operators of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the five-acre tract upon which the plant is located.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

S E A L

esr/

A. L. PORTER, Jr., Member & Secretary

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

January 20, 1987

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

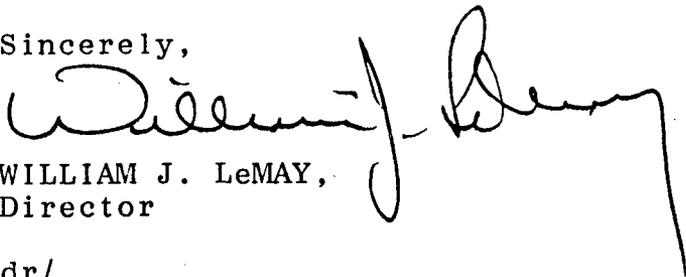
Mr. Robert L. Love
Attorney
P. O. Box 1099
Hobbs, New Mexico 88240

Re: \$25,000 Cash Treating Plant Bond
Jess M. Keeth, Operator
Bond No. OCD-022

Dear Mr. Love:

The Oil Conservation Division hereby approves your letter changing the name of operator on the above-referenced treating plant bond to Jess M. Keeth dba New Mexico Petroleum Company effective this date.

Sincerely,


WILLIAM J. LeMAY,
Director

dr/

cc: Oil Conservation Division
Hobbs, New Mexico

NEW MEXICO OIL CONSERVATION DIVISION
OF THE ENERGY & MINERALS DEPARTMENT

\$25,000.00 CASH TREATING PLANT BOND

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504

KNOW ALL MEN BY THESE PRESENTS:

New Mexico

That Jess M. Keeth d/b/a Petroleum Company (an individual) ~~(a corporation)~~ ~~organized in the State of~~ ~~_____~~ with its principal office in the City of Lovington, State of New Mexico, and authorized to do business in the State of New Mexico, is held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy & Minerals Department in the sum of Twenty Five Thousand (\$25,000.00) Dollars lawful money of the United States.

The conditions of this obligation are such that:

The above principal has heretofore or may hereafter enter into the process of treating and reclaiming sediment oil in Section 7, Township 11 ~~XXXXXX~~ (South), Range 34 (East) ~~XXXXXX~~, N.M.P.M., Lea County, New Mexico.

NOW THEREFORE, This \$25,000 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules, regulations, and orders of the Oil Conservation Division of the Energy and Minerals Department, and upon clean-up of the plant site to standards of the Oil Conservation Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

The applicant has deposited on behalf of the Division \$25,000 (Twenty-five thousand dollars) in the manner indicated on the attachment to this bond, being the principal sum intended to be secured. Applicant pledges the sum as a guarantee that if its executors, assigns, heirs and administrators will abide by the Laws of the State of New Mexico and the Rules and Regulations of the Oil Conservation Division in operating the treating plant described herein, and that it will properly reclaim the plant site upon cessation of operations. If the applicant does not properly reclaim and restore the plant site, and otherwise abide by the Rules and Orders of the Oil Conservation Division, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the plant site. If the principal sum of the bond is less than the actual cost incurred by the Division in reclaiming the plant site, the Division may institute legal action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or any of them shall properly reclaim and restore the above-described treating plant site upon cessation of operations, and otherwise abide by the Rules and Orders of the Oil Conservation Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the applicant, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Signed and sealed this 2nd day of January, 19 87.

[Signature]

FRENCH
Postal 1388

Mailing Address

[Signature] NMA 88560

By _____
Signature Title

By _____

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

(Note: Corporate surety affix corporate seal here.)

ASSIGNMENT OF CASH COLLATERAL DEPOSIT
for TREATING PLANT BOND

(Must be a federally-insured bank or savings institution
authorized to do business in New Mexico)

Date January 2, 1987

1000360

Pursuant to Rule 312 of the Rules of the Oil Conservation Division, or successor provisions, Jess M. Keeth d/b/a New Mexico Petroleum Company hereinafter referred to as "owner") of Box 1388, Lovington, NM 88260 (address) has deposited with the First Interstate Bank of Lea (name of state or national bank or savings association) of Box 1477, Lovington, NM 88260

(address) (herein termed financial institution), the sum of \$25,000.00 dollars in Certificate of Deposit or savings account No. 02-03980057679. Owner hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Owner and the financial institution agree that as to the deposited sum or fund:

- a. The funds deposited pursuant to the terms of this Agreement are to serve as a cash bond covering a treating plant operated by owner.
- b. The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale of the treating plant covered by this agreement.
- c. Owner retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- d. The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Owner agrees that the financial institution may deduct from interest due owner any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

FIRST INTERSTATE BANK OF LEA COUNTY

Jess M. Keeth
Signature of Owner,
Personally or by Authorized Officer

Robert C. Dunn, Jr.
Signature of Authorized Officer of
Financial Institution

Robert C. Dunn, Jr.
Vice President
Title

Title

STATE OF NEW MEXICO
COUNTY OF Lea) ss.

On this 2nd day of January, 19 87 before me personally appeared Jess M. Keeth and Robert C. Dunn, Jr., to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

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

My Commission expires:
9/8/90

Karen Gobble
NOTARY PUBLIC - Karen Gobble

OIL CONSERVATION DIVISION

Charles E. Bly 1/9/87
Acting Director

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF New Mexico)
COUNTY OF Lea) ss.

On this 2nd day of January, 1987, before me personally appeared Jan M. Keith, to me known to be the person ~~person~~ described in and who executed the foregoing instrument and acknowledged that he (~~they~~) executed the same as his (their) free act and deed.

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

June 18, 1981
My Commission expires

Robert Lewis Love
Notary Public

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF _____)
COUNTY OF _____) ss.

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

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

My Commission expires

Notary Public

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By William J. [Signature]

Date _____

State of New Mexico

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

2040 South Pacheco

P.O. Box 6429

Santa Fe, New Mexico 87505-5472

PT APACHE CORPORATION
NEW MEXICO PETROLEUM CO.

MIDDLELAND TREATER PLANT

SW $\frac{1}{4}$ - SE $\frac{1}{4}$ - SE $\frac{1}{4}$ SECTION 7 T. 15 N. R. 34 E

UNITED STATES (480 AC.)

STATE LEASE NO. 00-5082

SW $\frac{1}{4}$ SEC. 36 B. 6/2

LEASE NO. 2541
ROOSEVELT COUNTY, NEW MEXICO

PHOTOS by NMED - Surface Water Bureau
April 14th 1992



4-14-92



4-14-92



4-14-92



4-14-92







