

NM - 15

**GENERAL
CORRESPONDENCE**

YEAR(S):
2005-1987



Marian M. Thompson, CTFA
Vice President

Private Client Services
MAC Q2701-012
Post Office Box 2468
Roswell, NM 88202-2468
505 627-7248
505 622-1748 Fax
1 800 677-0813 Toll Free

April 28, 2005

Edwin E. Martin
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
MAY 2 - 2005
OIL CONSERVATION
DIVISION

Re: J. M. Keeth (Jesse Marion Keeth), deceased
Cash Treating Plant Bond #OCD-022

Dear Mr. Martin:

As you know, Mr. Keeth is deceased and Wells Fargo Bank, N. A. is the personal representative of his estate. In order to settle the estate, it is necessary to settle the matter of the referenced cash bond. On behalf of the heirs of the Keeth Estate we, are herein requesting a determination on the release of the bond. From our conversation, it is my understanding the property has been inspected, surface cleanup is evident and the release of the bond is under consideration.

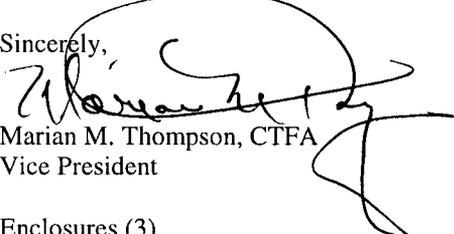
The bank had no knowledge of the cash bond until we received notification from Lea County State Bank that the proceeds of a certificate of deposit, in the amount of \$25,000, had been paid to the estate in error. There were very few records available due to a fire several years ago that destroyed his home. However, through subsequent conversation with his sons, we learned that the cash bond was originally much larger, however thru litigation, etc., a judgment and/or other bonds were awarded to the State of New Mexico, against the previous lessees. At that time, Mr. Keeth's bond was reduced to \$25,000 and held for surface cleanup. The sons were aware of the cleanup commissioned by Mr. Keeth, but were surprised to find out the bond was still in place. I would surmise his failure to pursue the issue was due to Mr. Keeth's advanced age and ill health.

The funds from the certificate of deposit are being held in abeyance, awaiting resolution. However, Lea County State Bank, and rightly so as protection for the bank, has filed a judgment against the estate. Therefore, I would appreciate your copying Mr. Floyd on your response to me. His address is; Mr. Robert Floyd, Vice President, Lea County State Bank, P. O. Box 400, Hobbs, NM 88241-0400.

Enclosed for your files are a copies of Mr. Keeth's death certificate, Letters Testamentary, naming Wells Fargo Bank, N. A., personal representative, and a corporate resolution substantiating my authority to act on behalf of Wells Fargo Bank, N. A. Should you require additional documentation or should this request need revision for your purposes, please advice.

I appreciate your working with us to resolve this matter.

Sincerely,

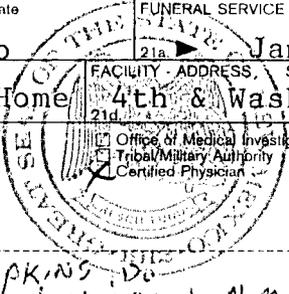

Marian M. Thompson, CTFA
Vice President

Enclosures (3)

cc: Robert Floyd

CERTIFICATE OF DEATH - Certified by Medical Investigator **Certified by Physician** Lea Lovington
(NOTE: If death is due to accident, homicide, trauma, or unknown causes, refer case to Medical Investigator) County of Death City, Town, Location

DECEASED	1. DECEASED - NAME First Middle Last JESSE MARION KEETH		2. SEX M	3. DATE OF DEATH (mo, day, yr) MAY 2, 2004		
	4. DATE OF BIRTH (mo, day, yr) Aug. 28, 1914		5. AGE - last birthday 89		6. RACE - Specify White, Black, Native American, etc. White	
	7. DECEASED HISPANIC? 6c. <input checked="" type="checkbox"/> NO <input type="checkbox"/> Yes Specify:		8. EDUCATION OF DECEASED - Indicate highest grade completed 7. 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 <input checked="" type="checkbox"/> 17		9. IF NATIVE AMERICAN, Specify Tribal Affiliation (e.g. Zia, Jicarilla, Navajo, etc.) NA	
	10. PLACE OF DEATH - Name of hospital or other facility (if neither, give street and number or location) Thornhill Road					11. HOSPITAL <input type="checkbox"/> Inpatient <input type="checkbox"/> ER/Outpatient <input type="checkbox"/> DOA <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> Nursing Home <input checked="" type="checkbox"/> Residence <input type="checkbox"/> Other (Specify)
	12. STATE OR COUNTRY OF BIRTH Tahoka, Texas		13. CITIZEN OF WHAT COUNTRY USA		14. MARRIED, NEVER MARRIED, WIDOWED, DIVORCED - Specify Widowed	
	15. SOCIAL SECURITY NUMBER [REDACTED]		16. USUAL OCCUPATION (Kind of work done during most of working life, even if retired) Owner/Keeth Gas Company		17. KIND OF BUSINESS OR INDUSTRY Gas	
	18. RESIDENCE - State New Mexico		19. County Lea		20. City, Town or Location Lovington	
	21. STREET AND NUMBER OR LOCATION Thornhill Road		22. ZIP CODE 88260		23. INSIDE CITY LIMITS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
	24. FATHER - NAME First Middle Last William Henry Keeth			25. MOTHER - BIRTH NAME First Middle Last Nancy Elizabeth Testerman		
	26. INFORMANT - NAME (Type or print) Bill Keeth			27. MAILING ADDRESS Street/RFD No. City/Town State P.O. Box 32 Wills Point, Texas 75169		
DISPOSITION	28. METHOD OF DISPOSITION <input checked="" type="checkbox"/> Burial <input type="checkbox"/> Cremation <input type="checkbox"/> Removal from State <input type="checkbox"/> Donation <input type="checkbox"/> Entombment <input type="checkbox"/> Other (Specify)				29. CEMETERY/CREMATORY - Name Resthaven Cemetery	
	30. LOCATION City/Town State Lovington, New Mexico		31. FUNERAL SERVICE LICENSEE or PERSON ACTING AS SUCH - Signature James Kirby		32. LICENSE NUMBER FSP 77	
	33. FACILITY - NAME Smith-Rogers Funeral Home			34. FACILITY - ADDRESS Street/RFD No. City/Town State 4th & Washington Lovington, New Mexico		
CERTIFICATION	35. CERTIFIER'S SIGNATURE - On the basis of examination and/or investigation, in my opinion death occurred at the time, date and place and due to the cause(s) stated. Ronald D. Hopkins		36. DATE SIGNED (mo, day, yr) MAY 2, 2004		37. HOUR OF DEATH 1915	
	38. TYPE/PRINT NAME Ronald D. Hopkins		39. ADDRESS 1600 N MAIN LOVINGTON, N.M.		40. DATE FILED AT NMVRRHS (mo, day, yr) May 04, 2004	
	41. DATE FILED AT NMVRRHS (mo, day, yr) May 04, 2004		42. STATE REGISTRAR'S SIGNATURE [Signature]		43. MANNER OF DEATH <input checked="" type="checkbox"/> NATURAL <input type="checkbox"/> ACCIDENT <input type="checkbox"/> SUICIDE <input type="checkbox"/> HOMICIDE <input type="checkbox"/> UNDETERMINED	
	44. WAS AN AUTOPSY PERFORMED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		45. If yes, were findings considered in determining cause of death? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		46. LOCATION WHERE AUTOPSY WAS PERFORMED (CITY, STATE)	
CAUSE OF DEATH	47. WAS RECENT SURGICAL PROCEDURE PERFORMED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		48. IF YES, SPECIFY TYPE OF PROCEDURE		49. DATE OF PROCEDURE	
	50. DESCRIBE HOW INJURY OCCURRED (COMPLETE FOR ACCIDENT, SUICIDE, HOMICIDE, UNDETERMINED)				51. HOUR OF INJURY	
	52. INJURY AT WORK <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		53. PLACE OF INJURY - Specify home, farm, street, etc.		54. LOCATION Street/RFD No. City/Town State	
	55. INJURY AT WORK <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		56. PLACE OF INJURY - Specify home, farm, street, etc.		57. LOCATION Street/RFD No. City/Town State	
58. PART I. Enter the diseases, injuries or complications which caused the death. Do not enter the mode of dying, such as cardiac or respiratory arrest, shock, or heart failure. List only one cause per each line.						
59. IMMEDIATE CAUSE (Final disease or condition resulting in death.) a. metastatic liver cancer DUE TO (OR AS A CONSEQUENCE OF):						
60. Sequentially list conditions, if any, leading to immediate cause. Enter UNDERLYING CAUSE (Disease or injury which initiated events resulting in death) LAST b. DUE TO (OR AS A CONSEQUENCE OF): c. DUE TO (OR AS A CONSEQUENCE OF): d.						
61. PART II. Other significant conditions contributing to death but not resulting in the underlying cause given in Part I.						



SHADED AREAS FOR MEDICAL INVESTIGATOR - LEGAL OFFICER USE ONLY

177080054

CERTIFIED COPY OF VITAL RECORD
 This is a true and exact reproduction of all or part of the document officially registered and filed with the New Mexico Vital Records and Health Statistics, Public Health Division, Department of Health.

Celine Sanchez
State Registrar

DATE ISSUED DEC 16 2004

WARNING: IT IS ILLEGAL TO ALTER, COPY OR COUNTERFEIT THIS CERTIFICATE. ADVERTENCIA: ES ILEGAL ATERAR, COPIAR O FALSIFICAR ESTE CERTIFICADO.

This document is not authentic unless reproduced on safety paper displaying the Raised Seal of New Mexico. Hold at angle to view.

STATE OF NEW MEXICO
COUNTY OF LEA
IN THE FIFTH JUDICIAL DISTRICT COURT

IN THE MATTER OF THE ESTATE

OF JESSE MARION KEETH

2004 JUL 19 PM 1:29

JANIE G. HERNANDEZ
DISTRICT COURT CLERK
PB No. 2004-00043

LETTERS TESTAMENTARY AND ACCEPTANCE

The last will of the above-named decedent having been proved and recorded with the above-named court, Wells Fargo Bank, N. A. is hereby appointed to serve as personal representative of the estate.

DATED: July 19, 2004.

JANIE G. HERNANDEZ
CLERK OF THE DISTRICT COURT

BY: Carolyn Mead
DEPUTY CLERK

(SEAL)

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

Wells Fargo Bank, N. A. hereby accepts the duties of personal representative of the estate of the above-named decedent and does solemnly swear that it will perform, according to law, the duties of personal representative of the estate.

WELLS FARGO BANK, N. A.

By: Marian Thompson
MARIAN THOMPSON, Vice President and
Trust Officer

SUBSCRIBED AND SWORN TO before me this 12th day of July, 2004, by
Marian Thompson, Vice President and Trust Officer of Wells Fargo Bank, N. A.



Lori Huerta
Notary Public

WELLS FARGO BANK, NATIONAL ASSOCIATION

ASSISTANT SECRETARY'S CERTIFICATE

I, Cathy Wheeler, Secretary of Wells Fargo Bank, National Association, a national banking association, (the "Bank"), hereby certify as follows:

1. The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate.

RESOLVED, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

* * *

C. Signing Officers

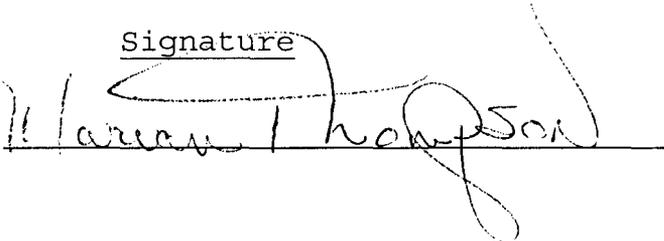
FURTHER RESOLVED, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

* * *

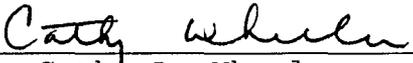
Any and all agreements, instruments and other documents to enable the Bank to withdraw, collect or receive any sums or property in which the Bank has an interest as executor, administrator, administrator with will annexed, special administrator, guardian, trustee or in any other representative or fiduciary capacity, and to

execute and deliver any checks, drafts, receipts, orders or other documents as may be necessary, proper or convenient in connection therewith; any declination, renunciation or resignation by the Bank from any fiduciary or other representative position; petitions for the appointment or the confirmation of appointment of the Bank in any fiduciary or other representative capacity and certificates of the incumbency of the Bank as trustee or any of its officers acting on its behalf in such capacity; certificates of assets held in any account with the Bank; and any other agreement, instrument or other document signed by the Bank in a fiduciary or other representative capacity.

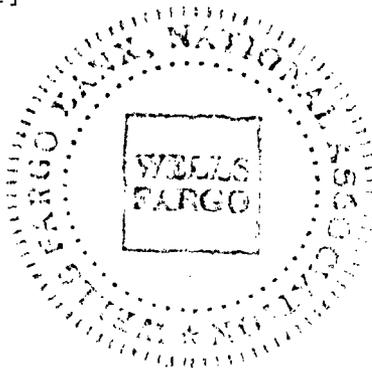
2. The persons named below are duly appointed and acting officers of the Bank on the date hereof with the title appearing opposite his name, and the signature appearing below is his genuine signature:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Marian Thompson	Vice President	

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Bank this 17th day of February 2005.


Cathy L. Wheeler
Assistant Secretary

[Seal]





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 7, 2004

Mr. Robert E. Floyd, Vice President
Lea Count State Bank
Post Office Box 400
Hobbs, New Mexico 88241-0400

Dear Mr. Floyd:

This letter is in response to your letters dated November 5, 2004 and November 21, 2004 regarding a cash bond held by a certificate of deposit #200073158. This bond was required, by the New Mexico Oil Conservation Division (NMOCD), to ensure that the site known as the Middle Lane Treating Plant was remediated upon cessation of operations. This site was operated by Mr. Jess M. Keeth, dba New Mexico Petroleum Co. and was permitted by the NMOCD under permit number NM-0015.

While the surface area at the site has been cleaned and all equipment and debris have been removed, there is no indication in our files that any soil or groundwater sampling was done. Before the bond can be released, the NMOCD must be assured that there is no soil or groundwater contamination still present at the site. Mr. Keeth's estate is responsible for the cost of this sampling. Once sampling is completed, and it can be ascertained that there is no threat to groundwater, the bond can be released. A work plan must be submitted to this office and approved by the NMOCD before sampling can begin.

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

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin
Environmental Bureau

cc: Chris Williams, Hobbs NMOCD office

Local Banking
the way it should be



November 5, 2004

RECEIVED

NOV 11 2004

OIL CONSERVATION
DIVISION

Mr. Ed Martin
New Mexico Oil Conversation Division
Energy & Minerals Dept.
State of New Mexico
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: Jess M. Keeth, dba New Mexico Petroleum Co.
\$25,000 Cash Treating Plant Bond #OCD-022

Dear Mr. Martin:

I am writing this letter as a follow up to our conversation of October 8, 2004 in which I inquired as to the status of the above referenced Cash Treating Plant Bond secured by our bank's Certificate of Deposit #200073158. In our conversation you advised the question was cleanup. You briefly reviewed the file, advised the file made no reference to underground water contamination, you were uncertain as to surface contamination, and that you would determine what would be required if I would endure for one more week.

Mr. Keeth is deceased and the heirs are attempting to settle the estate. We are attempting to assist but need to determine if we need to redeem the Certificate of Deposit and forward to your office or if we can redeem the Certificate of deposit and release the proceeds to the heirs.

Your assistance in this matter will be greatly appreciated.

Sincerely,


Robert E. Floyd
Vice President

RF/vz

Local Banking
the way it should be



November 21, 2004

Mr. Ed Martin
New Mexico Oil Conversation Division
Energy & Minerals Dept.
State of New Mexico
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: Jess M. Keeth, dba New Mexico Petroleum Co.
\$25,000 Cash Treating Plant Bond #OCD-022

Dear Mr. Martin:

I am writing this letter as a follow up to my letter of November 05, 2004 in which I inquired as to the status of the above referenced Cash Treating Plant Bond secured by our bank's Certificate of Deposit #200073158.

Mr. Keeth is deceased, the heirs are attempting to settle the estate and we are attempting to assist but need to determine where we stand in the above referenced matter. What is the feasibility of our bank forwarding the funds to your office and allowing your office to deal with the estate?

Your assistance in this matter will be greatly appreciated.

Sincerely,


Robert E. Floyd
Vice President

RF/vz

Kieling, Martyne

From: Williams, Linda
Sent: Monday, March 19, 2001 4:19 PM
To: Kieling, Martyne
Subject: RE: Middlelane Treating Plant

Martyne-

Mr. Keith was in my office today. His concern is this: Does he need to wait on anything from the EPA in order for his bond to be released?

I haven't heard anything from Roger or Wayne, and I was out of the office on Thursday and Friday. Have they passed any information on to you? How would you like me follow up from here? Mr. Keith is anxious to settle this matter as soon as possible.

From: Kieling, Martyne
Sent: Friday, March 09, 2001 4:32 PM
To: Anderson, Roger
Cc: Olson, William; Wrotenbery, Lori; Price, Wayne; Williams, Chris; Williams, Linda
Subject: Middlelane Treating Plant

Roger,

I received a call from Linda Williams at the Hobbs office today regarding Mr. Jess Keeth and the New Mexico Petroleum Co. Middlelane Treating Plant. Mr. Keeth is suffering a major health problem and wishes to settle his financial affairs. This includes the former treating plant location and the \$25,000 Cash collateral deposit that is still held by the OCD.

Middlelane has not been placed on our priority ranking list as yet so I do not know officially where it would rank but I assume it is not near the top. The surface has been cleared of all equipment and debris and there are no nearby residents. However, Photos on file show that the pit/s were closed by digging a trench and allowing the bottoms/parfin/water to flow into the trench. The trench was then covered and the site closed. Groundwater may or may not be impacted. The OCD has not collected any subsurface or groundwater data at or near this location. The surface is State Land and I have discussed this site with Mike Matush several times over the past 3 years.

Mr. Keeth will be returning to the Hobbs district office on Monday March 12th to find out what is needed from him to close the facility so his financial assurance may be returned. I have pulled the file 711-015 and bond file so that it may be reviewed if necessary.

I told Linda that we would contact her and let her know what she needs to do or say.

New Mexico Petroleum Co. Middlelane Treating Plant
Location SW/4 SE/4 Sec 7, T 11 S, R 34E, Lea Co.

*30-33 FT.
NO SAMPLING HAS BEEN DONE*



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

June 27, 2000

Middle Lane Plant; NM Petroleum

Jess M. Keith
PO Box 1388
Lovington, NM 88260

Dear Mr. Keith,

YOUR REQUEST FOR INFORMATION

As per your earlier request, Martyne Kieling returned the message we had left at her office. She stated she remembered working with you on this previously, and was aware of your concern for the release of your bond.

Martyne also stated she had several priorities at this time, and for the moment would need to set your project aside temporarily until some of the more critical issues awaiting her attention were completed. It is her intention to correspond with you at that time and advise you as to what steps need to be taken to complete your project.

It was nice meeting you the other day, and if we can be of further service, please let us know.

Sincerely,

A handwritten signature in cursive script that reads "Linda Williams".

Linda Williams
Administrator III
NM Oil Conservation Division

cc: Martyne Kieling
2040 S. Pacheco
Santa Fe NM 87505

Kieling, Martyne

To: Williams, Linda
Subject: RE: Jess M. Keith; response letter

Linda,

The letter sounds fine. Thank you for responding to Mr Kieth.

Martyne.

From: Williams, Linda
Sent: Tuesday, June 27, 2000 11:05 AM
To: Kieling, Martyne
Cc: Williams, Donna
Subject: RE: Jess M. Keith; response letter

<<File: Doc4.doc>>

Martyne-

Let me know if this sounds alright. Change and return as you see fit.
I will sign and mail, send you a copy for the file and he'll contact us if he has any further questions down the line...

Linda

June 27, 2000

Middle Lane Plant; NM Petroleum

Jess M. Keith
PO Box 1388
Lovington, NM 88260

Dear Mr. Keith,

YOUR REQUEST FOR INFORMATION

As per your earlier request, Martyne Kieling returned the message we had left at her office. She stated she remembered working with you on this previously, and was aware of your concern for the release of your bond.

Martyne also stated she had several priorities at this time, and for the moment would need to set your project aside temporarily until some of the more critical issues awaiting her attention were completed. It is her intention to correspond with you at that time and advise you as to what steps need to be taken to complete your project.

It was nice meeting you the other day, and if we can be of further service, please let us know.

Sincerely,

Linda Williams
Administrator III
NM Oil Conservation Division

cc: Martyne Kieling
2040 S. Pacheco
Santa Fe NM 87505

APR 17 2000

Environmental Bureau
Oil Conservation Division

4-5 200

Here is some Pictures
from the location
specification location
that shows the grass
an other vegetation
growing there.

I was told that I
was the only one who
cleared up a location
I am 85 yr old and
would appreciate very
much if I could get the
bond released ~~please~~

Walton Construction
 dug two pits and pushed
the debris in them

On one occasion when
I went to the location there
was grazing on the
location. I should
had the owner then.

Mark K. Kilroy
Environmental project

I did all the things
that the Division ordered
ask me to do.

I took a sample off
the contents in the pit
to South West. That
in Odessa, Texas there
report showed 98%
Paraffine 066 to which I
took to Mr. Supton
The Division supervisor
also Water samples
which showed good

Why he didn't send
them to Santa Fe I do not
know.

The State Office who I
thought that I was dealing
with

RECEIVED

199 17 2000

Environmental Bureau
Oil Conservation Division

I also want to say
that I only operated
this reclaim business
only a few days
if the stuff in there
this is enough
for me to say

Sincerely
JMK eth

I am sorry that it has
been so long since I have
contacted you, I couldn't
be helped.

RECEIVED

APR 17 2000

Environmental Bureau
Oil Conservation Division

JAN KEETH
PO Box 1388
Lorinaton, NM
88260



OCD
2040 SOUTH Pachaco Street
SANTA FE, NM
87506

ATT
MARTINE J. KIELING

Info From Mike Matsis

Middle lane

Closed

1999 Aug.

25,000

Hobby

~~called Bank~~

At the Bank

Name Ruth

396-2825

Bond 2000 731 58

Lea County State Bank

COD.....

1-28-00

Mary

2:30 - 3:00

**Medal of Valor and Distinguished
Service Awards**

3:00

**Music and Final Table Center Piece
Drawing!**

State of New Mexico

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

2040 South Pacheco

P.O. Box 6429

Santa Fe, New Mexico 87505-5472





RECEIVED

APR 17 2000

Environmental Bureau
Oil Conservation Division



RECEIVED

APR 17 2000

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Oil Conservation Division



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Oil Conservation Division



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Oil Conservation Division



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Oil Conservation Division



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APR 17 2000

Environmental Bureau
Oil Conservation Division

Mr. Motie Distalson
MRB - LAH12 PLANT
5194T
LAH County Will



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

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

July 28, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-564

Mr. Jess M. Keeth
New Mexico Petroleum Co.
P.O. Box 1388
Lovington, NM 88260

RE: Middle Lane Treating Plant Closure
SW/4 SE/4 of Section 7, Township 1 South, Range 34 East, NMPM
Lea County, New Mexico

Dear Mr. Keeth:

On November 2, 1993 The New Mexico Oil Conservation Division (OCD) sent New Mexico Petroleum Co., a letter regarding the closure of the Middle Lane Treating Plant (see enclosed copy of letter). To obtain final closure for the facility the New Mexico Petroleum Co., must submit a closure report to include the following information:

A report describing all closure activities performed including the method of closure of all pits, diagrams and /or maps indicating lateral and vertical extent of the contamination, and all laboratory or field analytical data sheets for all soil and water quality analysis including copies of all associated quality assurance/quality control data,

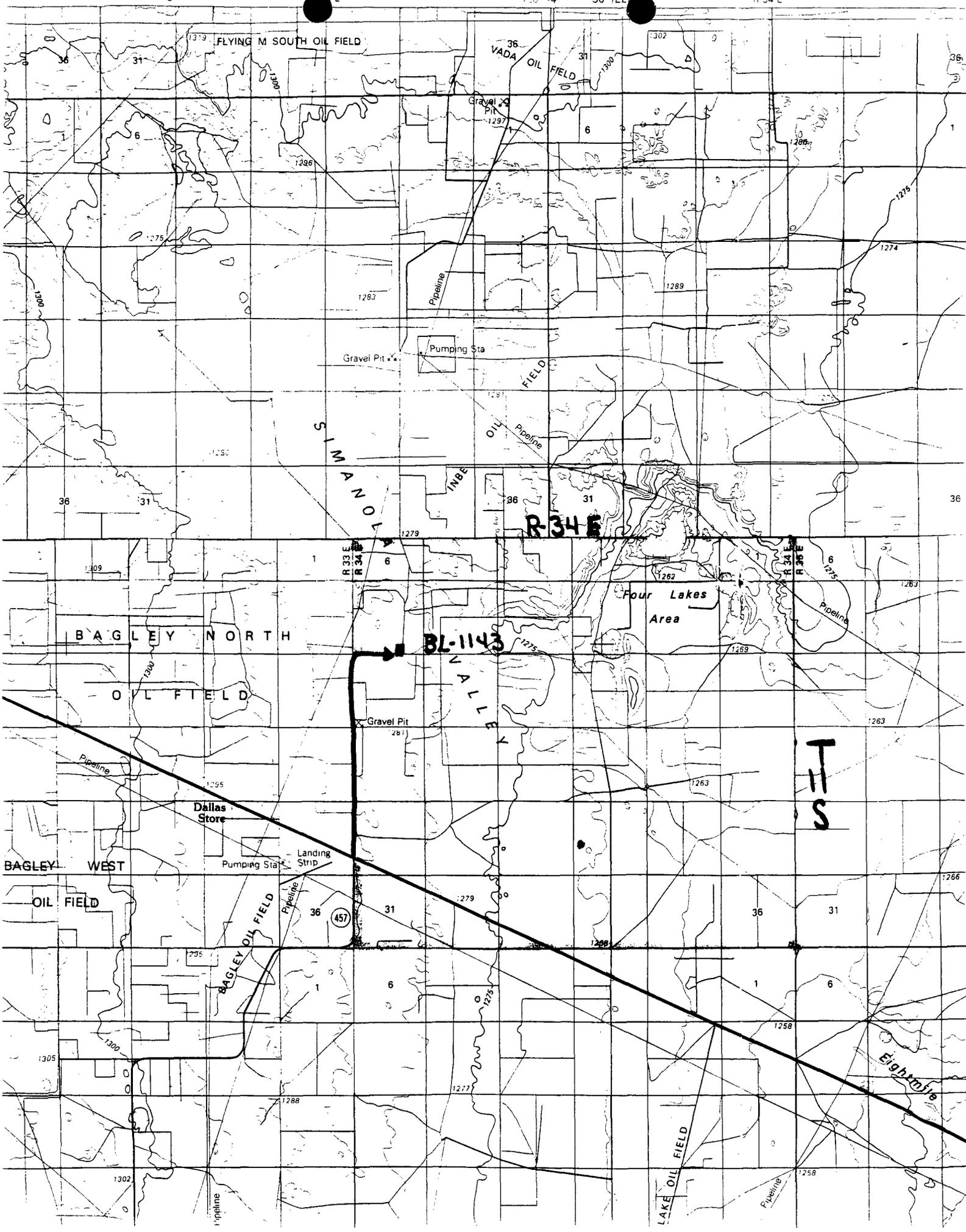
New Mexico Petroleum Co. shall submit this closure report **no later than August 31, 1999** to the OCD Santa Fe office and copy the Hobbs District office..

If you require any further information concerning this matter please contact me at (505) 827-7153.

Sincerely,

Martyne J. Kieling
Environmental Geologist

xc: Hobbs OCD Office
Mike Matush, SLO Santa Fe
Leon Anderson, SLO Hobbs





State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

(505) 827-5760
FAX (505) 827-5766

April 12, 1996

SANTA FE, NEW MEXICO 87504-1148

LA-1040

TO: Zilla Padilla, Director Commercial Leasing
THRU: Dennis Garcia, Director Field Operations
FROM: Leon Anderson, Land Use Specialist
Hobbs District *Leon Anderson*
RE: Site Inspection: BL-1143
Jess Keith

SYNOPSIS

A site inspection was requested for the former New Mexico Petroleum Company's Business Lease BL-1143. The lease was permitted for the purpose of an oil treating plant facility.

On October 3, 1992 a field inspection for verification of clean-up was conducted. (See attached Report LA-469) In the field report several items of concerns were listed. To my knowledge none of the items have been addressed.

In February 1993 while I was conducting another field inspection, I noticed activity at subject site. Upon arrival at the location I was advised by Alva Pate with Walton Construction that OCD and the SLO had given the operator permission to bury the material in the waste pit on site.

The material was mixed with caliche and buried in six or seven pits within subject lease. Attached are several photos that were taken prior to, during and after the burying of this material. As evident in the attached photos the material appeared not to be very liquifiable and did not mix well. The leachability of the material appeared to be very low and therefore migration may be minimal. This may or may not be the case once a laboratory analysis is reviewed. However, to my knowledge there are no records or chemical analysis of the materials contents available to insure that no hazardous material was or is present in the buried material. The vertical extent of the material unknown. I recommend that the SLO Environmental Department acquire and

April 12, 1996

(2)

LA-1040

review the analytical information from OCD in order to make the necessary determination in regards to the potential liability. Once that determination is made then the decision whether to release of the bond should be made.

An additional field inspection (LA-1040) of the site was conducted on April 10, 1996. The perimeter fence has been taken down. The H-braces remain on location along with rolled-up wire. What topsoil was there previously has been swept away by the wind.

LEGAL DESCRIPTION

T11S, R34E			NMPM
Section 07:	SW4SE4	3.49 Acres	Lea County

LOCATION

Subject lease is located approximately 3 miles northeast of NM-457 and US-380 junction west of Tatum, New Mexico.

Site Description: The area is rural rangeland consisting of a shallow loam over caliche. Vegetation includes, but is not limited to Grama grasses, Threeawns, Snakeweed and Mesquite.

HIGHEST AND BEST USE

Current highest and best use of surrounding lands is the production of oil and gas. This is intermixed with the grazing of livestock. No other trends exist at this time.

REMARKS

Attached are photos taken of the area beginning in 1992 up thru April of 1996. A sequence of the burying was photographed in order to show the method and the material being buried. The photos were kept due to the potential liability. In my opinion the material was very suspect and now especially, since we have witnessed the potential vertical migration of oil waste materials associated to unlined open pits.

Johnny Hernandez with the State Engineers office was contacted regarding ground water depths. No water wells have been drilled within subject section and therefore levels are unknown and can only be assumed based on water depths located nearby. Ground water is present 28.5 feet in the NE4 of Section 12, T11S, R33E and 25.7 feet in the SW4. Ground water is found at a depth 29.5 feet in the NE4 of Section 5, T11S, R34E. Both of these sections adjoin subject section.

LA

October 9, 1992

LA-469

TO: Jim Baca, Commissioner of Public Lands
Santa Fe, New Mexico

FROM: Leon Anderson, Land Use Specialist
Hobbs, New Mexico

SUBJECT: Verification of Clean-up: BL-1143 (Expired)
Jess Keeth

SYNOPSIS

A field inspection of former BL-1143 was conducted on October 6, 1992. As evident in attached photos, only the tankage, pipes, valves, building and miscellaneous improvements have been removed from the location. The berm wall surrounding the interior perimeter has not been removed. Tankage foundation in the center of the tract has not been removed. Oil and paraffin within the pit area remains within the pit area. This oil and paraffin sludge is a minimum of one (1) foot in depth. It appears nothing has been done to remove, bury or work this sludge into the soil, see attached photos.

One of the attached photos reveals oil bubbling up due to the warm temperatures at the time of the field inspection.

In addressing the question, (Does criteria meet all Land Office concerns in this matter and should the Land Office release the site on any ongoing liability?) All the information we have to date is the letter dated March 12, 1992 from Jerry Sexton with the OCD stating the water analysis received indicates benzene levels from the water to be well below that of the treating plant. With the amount of basic sediment or sludge involved, I feel additional laboratory testing needs to be performed with sampling of material to be verified by State Land Office personnel.

In addition, the opportunity should be made available for a representative of the EID and EPA to witness sampling and testing necessary to satisfy all parties before releasing any ongoing liability.

LEGAL DESCRIPTION

T11S, R34E		NMPM
SECTION 07: SW4SE4	3.49 Acres	LEA COUNTY

LOCATION

Subject easement is located approximately 3 miles northeast of the NM-457 and US-380 junction west of Tatum, New Mexico.

Access is available to the location on the east side of NM-457 pavement.

HIGHEST AND BEST USE

The highest and best use of subject land is the production of oil and gas along with associated business leases.

October 9, 1992

-2-

LA-469

ESTIMATE OF VALUE

Estimate of value does not apply.

IMPROVEMENTS

Barbed wire fencing and cattle guard are the only improvements.

REMARKS

I recommend additional sampling with an opportunity to witness sampling by the lessee, State Land Office, EPA, EID and OCD representatives. After parties are assured of non-hazardous material and proper reclamation procedures procured, then the possibility of a decision to release liability should be made.

LA:bw

Attachments

B1143
1992

waste pit

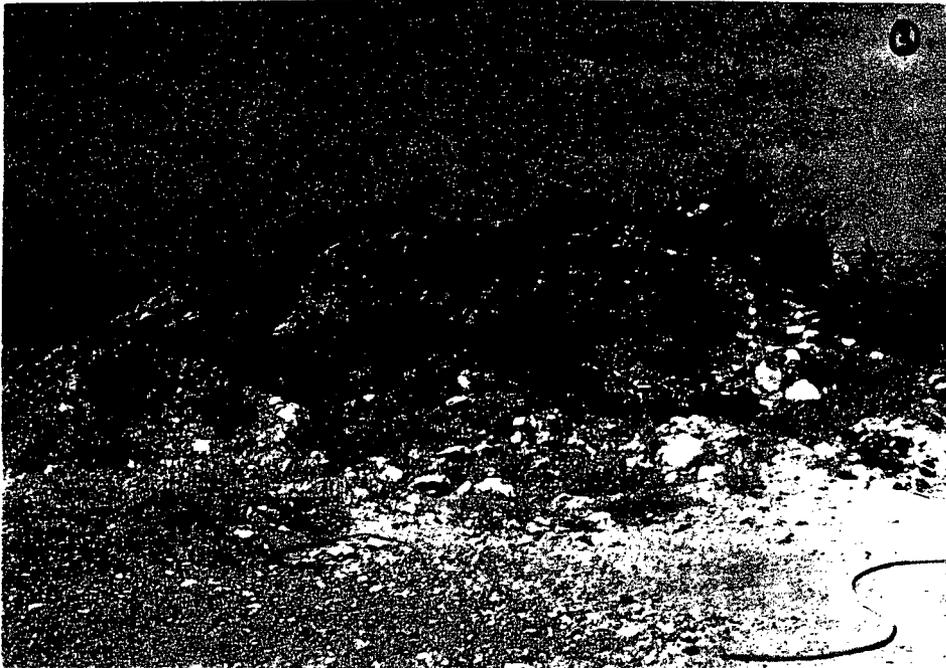
①



Picture #1 BL-1143
1992 - WASTE PIT, SEC. 7, T11S, R34E



Picture #2 1992



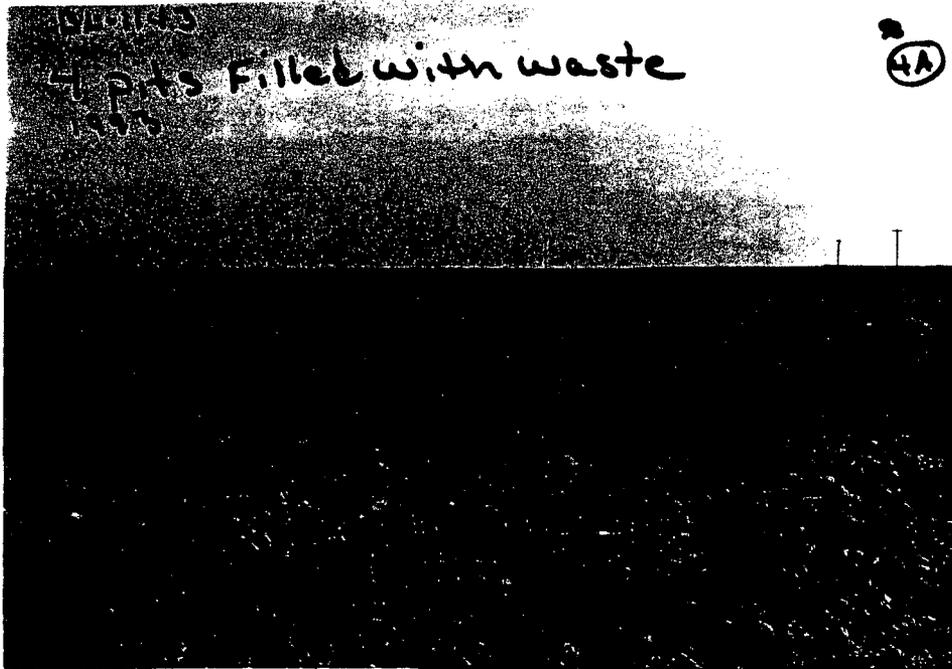
Picture #3

BL-1143



Picture #4

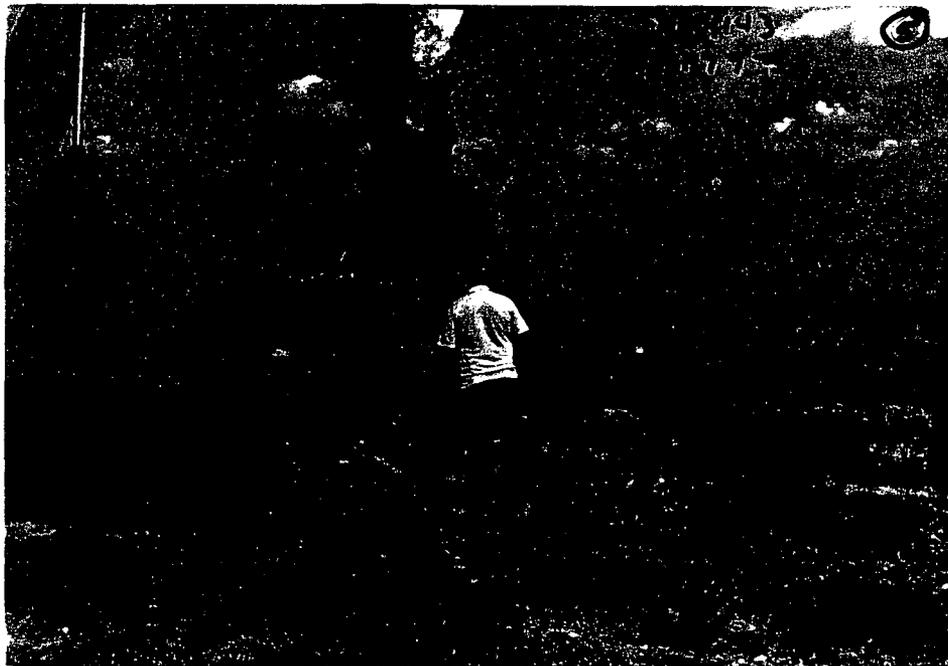
NORTHEAST CORNER, 1992



Picture #4A

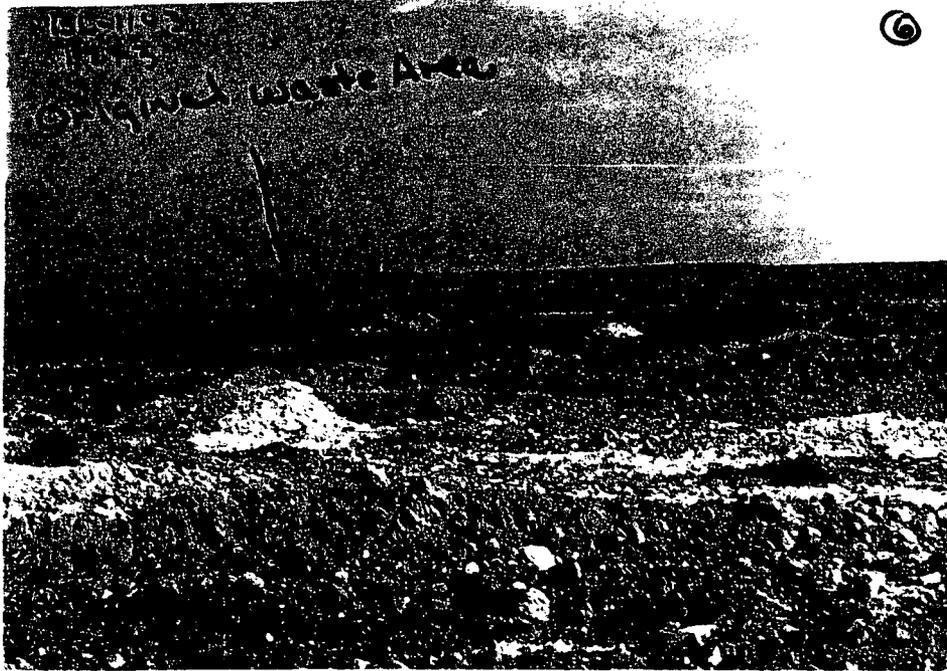
BL-1143

4 PITS FILLED WITH WASTE 1993



Picture #5

1993



Picture #6

BL-1143
ORIGINAL WASTE AREA - 1993



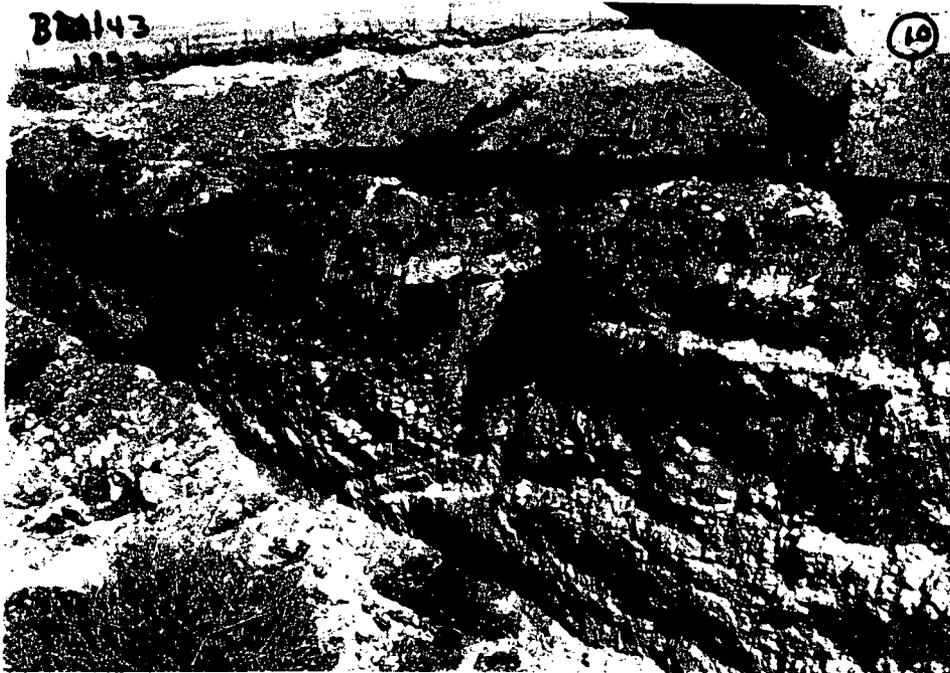
Picture #7 #5 PIT, 15' DEEP, 100% WASTE
MATERIAL, #6 PIT PRIOR TO REMOVAL OF DIRT



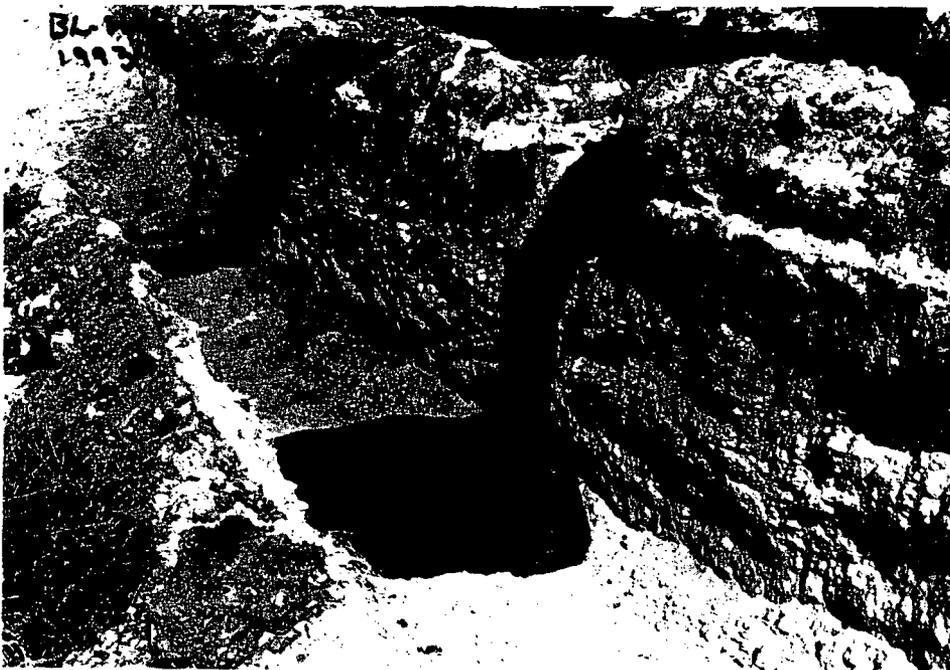
Picture #8 BL-1143-1993
VIEW OF PIT #5, APPROXIMATELY 1' LOWER THAN ORIGINAL, NOTE STAIN LINE ON CALICHE



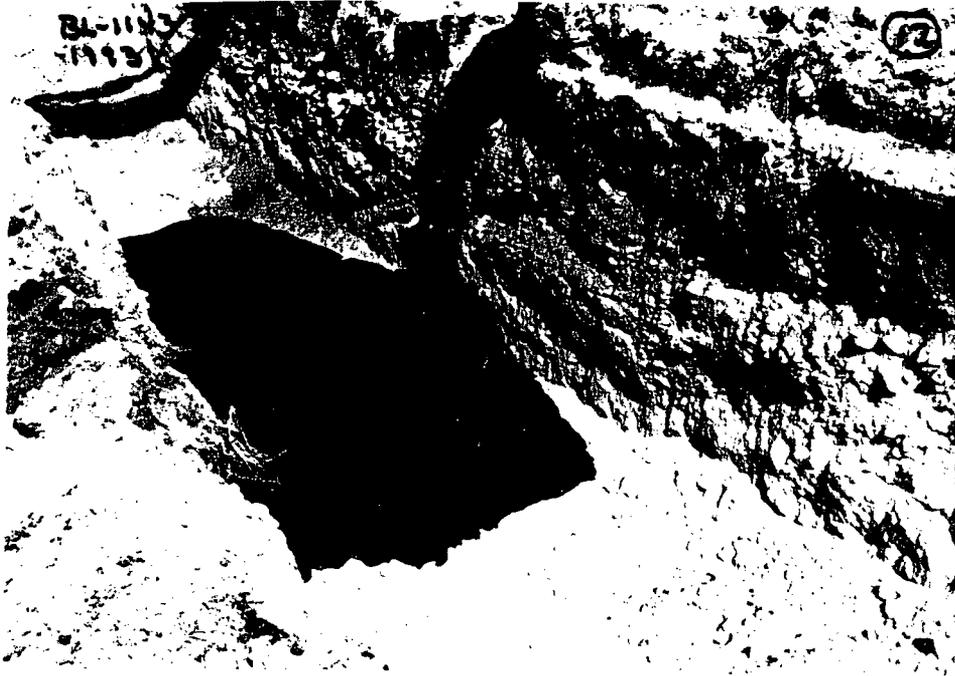
Picture #9 #6 PIT PRIOR TO BACKHOE NOTCHING #5 PIT.
CONTRACTOR SUPERVISOR AT EDGE OF PIT #6



Picture #10 BL-1143
FLOW BEGINNING TO RUN FROM PIT #5 TO PIT #6



Picture #11 PIT #5 FLOWING TO PIT #6



Picture #12 BL-1143
WASTE MATERIAL PIT #6 PRIOR TO DOZER PUSHING DIRT



Picture #13 DOZER PUSHING DIRT AND WASTE, NORTH TO SOUTH



Picture #14

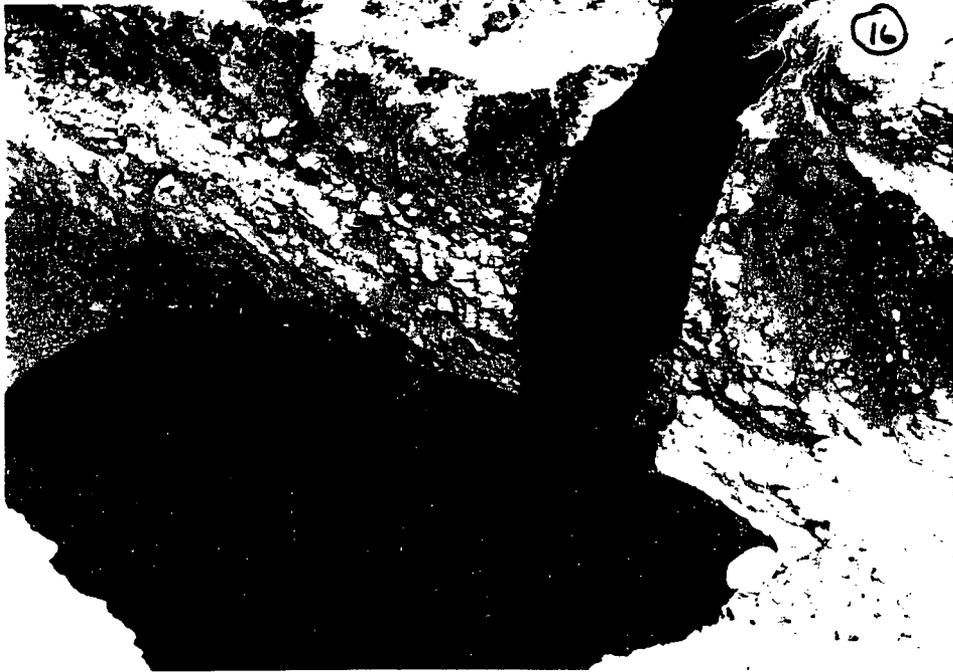
BL-1143

PIT #6 APPROXIMATELY 50% FILLED



Picture #15

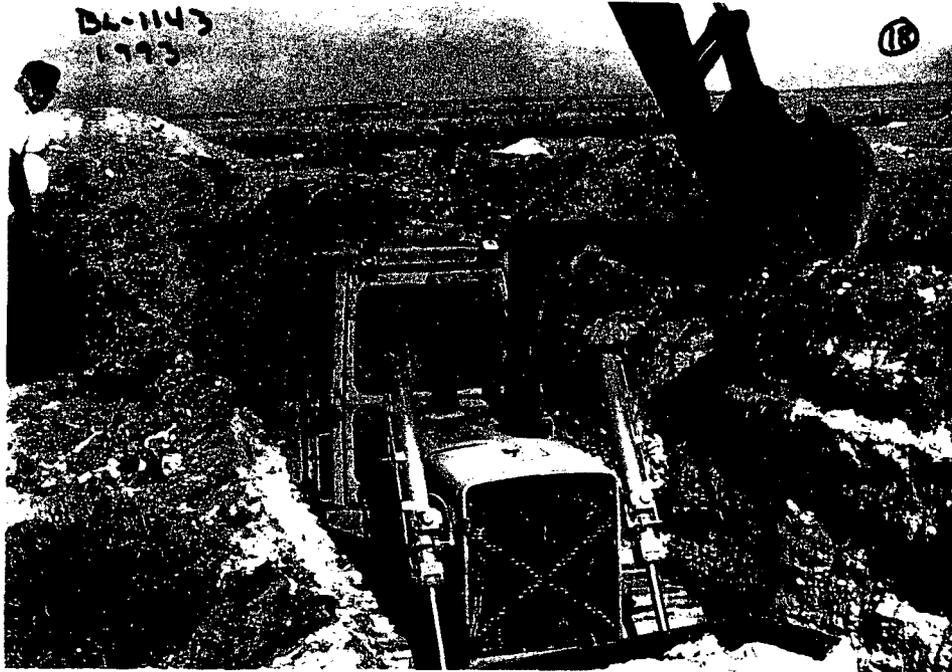
DOZER PUSHING DIRT WITH WASTE FLUID MOVING AWAY
FROM DIRT SOUTH TO NORTH



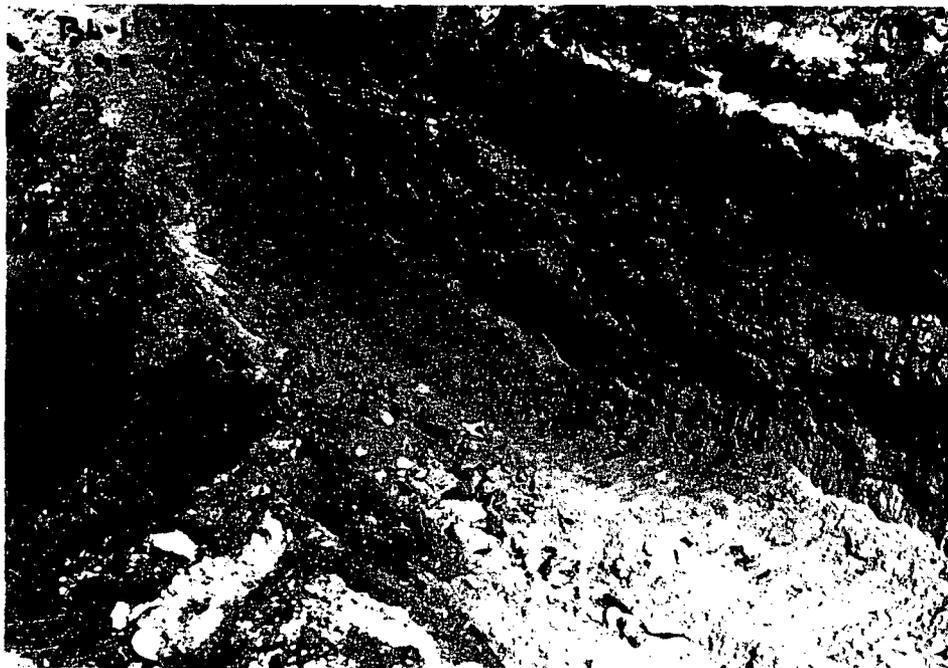
Picture #16 BL-1143
ADDITIONAL WASTE PUT OVER COVERED WASTE. PROCESS BEGINS AGAIN.



Picture #17 PIT #6 WITHIN 4' OF BEING FILLED. NOTE STAIN
LINE IN PIT #5. VERY LITTLE MATERIAL REMOVED.



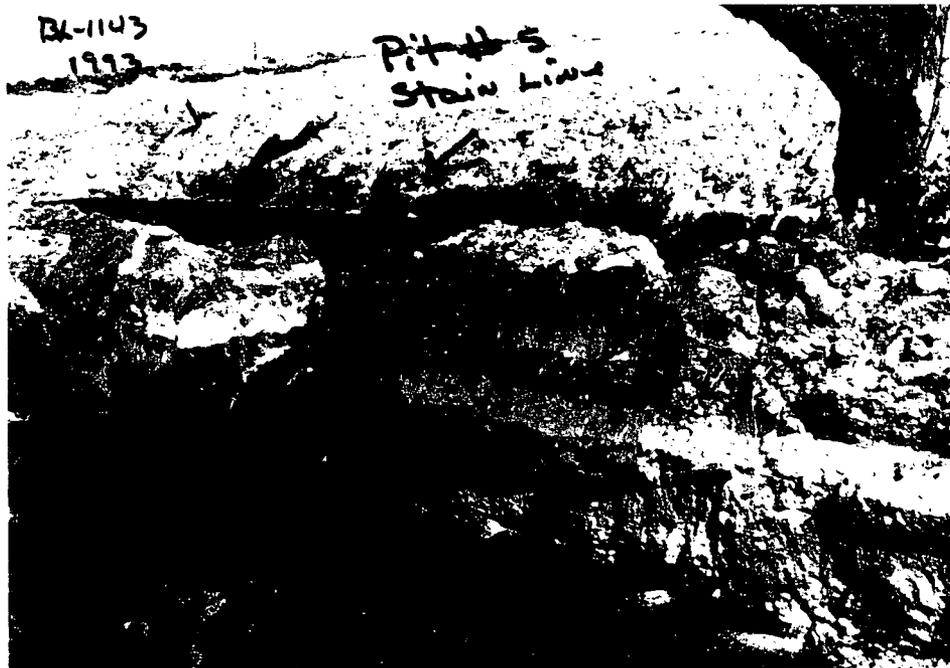
Picture #18 BL-1143
DOZER DIGGING PIT #6 ADJACENT TO PIT #5 IN BACKGROUND



Picture #19 #6 PIT APPROXIMATELY 12' DEEP



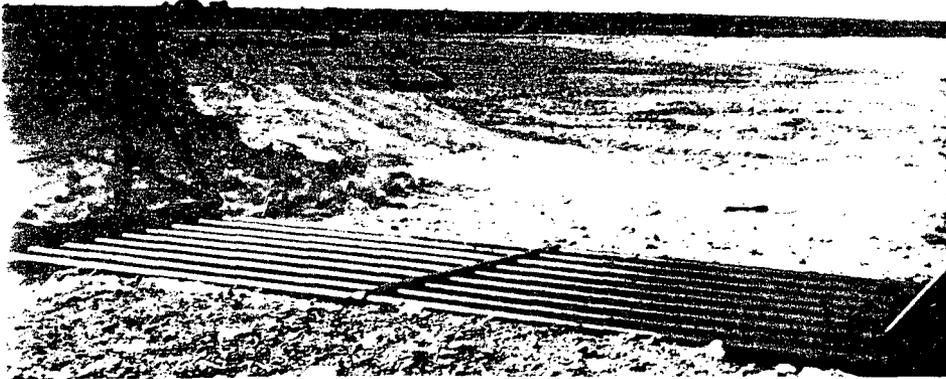
Picture #20 BL-1143, 1993
PIT #5 AND STAIN LINE. VERY LITTLE OF MATERIAL MIXES
WITH THE CALICHE. SATURATION OF SOIL IS PRACTICALLY NON-
EXISTANT.



Picture #21 #6 PIT FILLED, NOTE STAIN LINE ON PIT #5

South Fence Line
1993
1993
1993

22



Picture #22

BL-1143

1993 - SOUTH FENCE LINE ENTRANCE

Looking NW
BL-1143
1993
Sec. 7, T11S, R34E

23



Picture #23

1993 - LOOKING NORTHWEST, SEC. 7, T11S, R34E

4-1-93

W

(24)



Picture #24

BL-1143

APRIL 1, 1993, SEC. 7, T11S, R34E

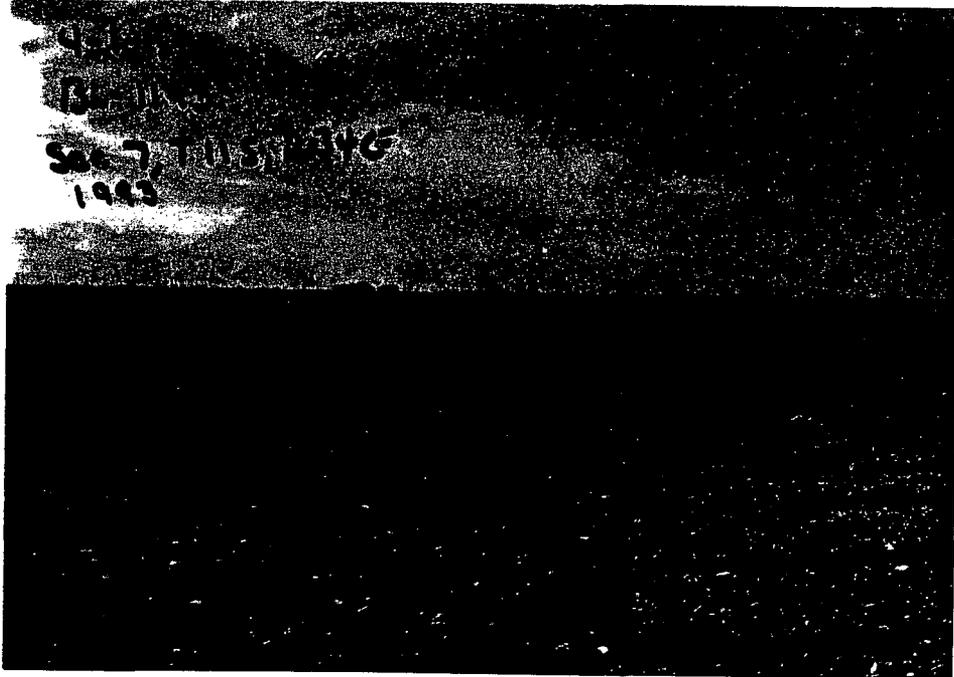
4-3-96

NW



Picture #25

LA-1040, APRIL 3, 1996, SEC. 7, T11S, R34E, SW 1/4 SE 1/4



Picture #24 BL-1143
APRIL 1, 1993, SEC. 7, T11S, R34E



Picture #25 LA-1040, APRIL 3, 1996, SEC. 7, T11S, R34E, SW¼SE¼

RECEIVED

DEC 11 1997

Price, Wayne

Environmental Bureau
Oil Conservation Division

From: Price, Wayne
Sent: Tuesday, December 09, 1997 11:08 AM
To: Martyne Kieling
Cc: Chris Williams
Subject: Middle Lane Treating Plant

Dear Martyne,

Per our telephone conf. please find enclosed a copy of our files. Please note Leo Anderson NMSLO came in today requesting info, the NMSLO has a business lease for this treating plant and requested info concerning the closure.

Mr. Anderson indicated he thinks the pits were just covered. He also indicated there is a CD (bond) still in effect at one of the local banks in Hobbs.

5:00
5:30

Sally Bill

10-18-95

Co Pickups

Tank over Floors
over Flaming Sump

Leaking Valves

Leaking Pumps into open pit on line

Melvin Kieling
Mike Stubbly
Jack Ford
Wayne Price
Gentry

Good Lin
Paved off Dimensions
350 X 350

Pit 50 x 50 x 5 Feet Depth

Grinch Sample
3 Foot Sample
First Round Inv.

Under ground pipelines Remove

South East Gradient

Gas in 50 from monitor wells at Gas plant

Tank Bottom pile ~~12~~ 30' x 26' x 2'
127 60 Years

Tank HCl Acid Empty Poly

112, 111 = 500 bbl waste Reduced

121 = mud o. 1 Reduced
E1, E2, E3
101, 102, 103
104, 105, 106, 107, 108, 109, 110
18", 12"

500 bbl - Skel Ball

101	1'	500 bbl	Skal	
102	2'		"	
103	E		"	
104	18"		"	
105	10'		"	
106	4'	500 bbl	"	
107	E 1'		"	
108	1/2 Full	500 bbl	"	
109	1/2 Full		"	
110	1'		"	
111	Full		Redwood	Some ties
112	Full	500 bbl	Redwood	
121	2/3 Full	500 bbl	Redwood	Mud oil
113	8'	200 bbl	Skal	
114	Full	500	Redwood	sol. /
115	Full	200	Red w	
116	Full?	200	Red w	
117	Full	200	Red w	
1	Empty	500	Red w	open
118	1/2	200	Red	open?
1000 gal	10000 gal	10000 gal	includes horizontal	
1000 lb	1000 lb	1000 lb	Redwood	Empty open
50 x 4'	50 x 4'	50 x 4'	ply	

Pump Surface Pipe
 2 Treaters
 Utilities Gas
 August, Inc. Gas
 System Elect
 Goodwin Silt with Disposal
 Well No E-31
 Sec 31 TWP 18 S. R 37 E
 Lea Co NWN.
 1980 FNL 600 FUL
 Norm Check Summary
 ? is Discovered?
 Dist Pale Trans Form

One well Down G in Pit 5' Sample In
 one under Tank Bottom Pile up ground
 Bottom to Top count
 Drums 6 empty
 3 X 41 sumps
 Empty tanks Sumps
 Treaters

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone	<input type="checkbox"/> Personal	Time 12:00	Date 9-7-99
<u>Originating Party</u> Jess Kieth		<u>Other Parties</u> Marilyn Kieling	
<u>Subject</u> Middle Lane Treating Plant			
<u>Discussion</u> Walton Construction still has files on that job. "Clover of Middle Lane" Jess saw cows grazing on the surface last week. Jess wants to work directly with Santa Fe. And also wants to get his bond back.			
<u>Conclusions or Agreements</u> Marilyn to call back this week.			
<u>Distribution</u>		Signed Marilyn Kieling	

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 4:30	Date 8-25-99
<u>Originating Party</u>		<u>Other Parties</u>
Jess Kieth 85 years old (505) 396-2119 or (505) 370 0651 ^{mobile}		Martynne Kieth
<u>Subject</u> Middle Lane treating Plant		
<u>Discussion</u> Jess says what was left was 98% Paraffin. Walton Construction Co. Hobbs did the cleanup. They dug a Deephole and Buried everything on site. The site was cleaned up according to what Jerry Sexton told him.		
<u>Conclusions or Agreements</u> Jess Needs to Talk to Walton Construction & Supply US with some Documentation as to how the site was closed.		
<u>Distribution</u>	Signed <i>Martynne J. Kieth</i>	



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

November 2, 1993

ANITA LOCKWOOD
CABINET SECRETARY

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

CERTIFIED MAIL
RETURN RECEIPT NO. P-111-334-277

Mr. Jeff Keeth
New Mexico Petroleum
P.O. Box 1388
Lovington, New Mexico 88260

**Re: Middle Lane Treating Plant Closure
Lea County, New Mexico**

Dear Mr. Keeth:

On November 1, 1993 you verbally requested that the New Mexico Oil Conservation Division (OCD) release the \$25,000 bond covering the above referenced facility. Information on file with the OCD indicates that the constructed facilities have been removed. OCD rule 312.A.13 requires that facility "clean-up shall be in accordance with a plan acceptable to the Division Director". The OCD has no record of such a plan being submitted to the Division Director for approval.

Prior to release of the bond you are required to submit the following items;

- 1) A written request for the release of the \$25,000 bond.
- 2) A report describing all closure activities performed including the method of closure of the sludge pit, diagrams and/or maps indicating lateral and vertical extent of the contamination, the level of contamination that closure attained and the analytical results indicating attainment of these levels.

Submission of the above mentioned materials shall allow prompt review by the Environmental Bureau staff. If you have any questions contact Chris Eustice at (505) 827-5824.

Sincerely,


Roger C. Anderson
Environmental Bureau Chief

RCA/cee
xc: OCD Hobbs Office

1



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

RECEIVED

93 JAN 7 AM 8 48

January 5, 1993

BRUCE KING
GOVERNOR

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

Roger Anderson
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Middle Lane Treating Plant

Dear Mr. Anderson:

Attached are pictures of the Middle Lane Treating Plant site, located in Section 7, Township 11 South, Range 34 East, Lea County, New Mexico, owned by Jess Keeth.

As you know, his lawyer came to Santa Fe and talked with Dave Boyer and you (I assume) about getting his treating plant bond released.

I believe he has done all the procedures that were agreed upon and request that the treating plant bond be released.

Let me know if there are any problems.

Very truly yours

OIL CONSERVATION DIVISION

Jerry Sexton
Jerry Sexton
Supervisor, District I

JS:bp

File

Enclosure





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

RECEIVED
OIL CONSERVATION DIVISION
FEB 2 1993
9 08

BRUCE KING
GOVERNOR

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

February 2, 1993

Bill LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: MIDDLELANE TREATING PLANT

Dear Bill:

On the Middlelane Treating Plant, an agreement between Mr. Keith, J.W. Neal (Mr. Keith's lawyer), the State Land office and David Boyer was made on the clean up of the site. This was one of 3 sites the Oil Conservation Division (OCD) authorized for basic sediments and tank bottoms to be dumped in the early 1960's.

The useable oil was reclaimed over the years and Mr. Keith, who to be honest with you never really operated the plant, acquired the site and found he was responsible for closure.

The closure procedure was to mix the solid basic sediments with caliche and bury the mixture, which has been done.

Roger was not in on the talks with Mr. Keith and feels he cannot release the bond. Rodger has said that you have the authority to release the bond.

The OCD made the agreement with Mr. Keith and his lawyer and now after David Boyer left no one is left to uphold our end of the agreement. I would recommend the bond be released with some notation that this is per agreement from David Boyer, the previous Environmental Bureau Chief. I am not sure how we can ask people to spend money on clean up and then say the OCD is not honoring previous commitments.

The same thing is about to happen with Mr. Squires at Laguna Gatuna, but at least Rodger was in on the talks and inspections so he is aware of the agreements that were made.



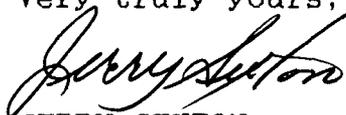
Page 2
Bill LeMay
February 2, 1993

Kathy Brown inspected the Middlelane Treating Plant site and can fill you in on the actual plant site.

Mr. Keith keeps calling about his release of bond. If the bond cannot be released, I would recommend a meeting between Rodger, Mr. Keith and Mr. Keith's lawyer to tell them where they stand.

Note: I think David Boyer took samples and had them evaluated to make sure everything was okay.

Very truly yours,



JERRY SEXTON
District I Supervisor

JS/sad

xc: Rodger Anderson



JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

OIL CONSERVATION DIVISION
RECEIVED

'93 FEB 16 AM 8 55

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

February 12, 1993

Bill LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Jess M. Keeth d/b/a N. M. Petroleum Co. - BL-1143
(\$25,000 - cash bond - Treating Plant)

Dear Mr. LeMay:

I am concerned that Mr. Keeth has been requesting the release of the above referred to bond (copy attached).

We have not been successful in gaining the cooperation for the cleanup of the abandoned oil treating facility from any of the parties involved. Therefore, we are requesting the bond not be released until we give approval that site has been cleaned and restored to its condition existing prior to placement of improvements. Written approval of cleanup from regulatory authorities must also be submitted to this office.

If you have any questions concerning this issue, please call Zilla Padilla at 827-5723.

Sincerely,

Johnny A. Taylor
Assistant Commissioner

JAT/ZPP/dl

Attachment

*Cym Rogers &
FAX to
Jerry Hobbs*

02 D - 022

Adopted 9-1-86

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

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

Title

Robert C. Dunn, Jr.
Vice President

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

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)
~~(corporation) is 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 ~~N.M.P.M.~~ (South), Range 34 (East) ~~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.

Jess M. Keeth
PRINCIPAL
Postal 1388
Mailing Address

Louighan N. Mar 1 88 26 0

By _____
Signature Title

By _____

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

(Note: Corporate surety affix corporate
seal here.)



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

OIL CONSERVATION DIVISION

HOBBS DISTRICT OFFICE SANTA FE FEB 9 1993

BRUCE KING
GOVERNOR

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

February 2, 1993

Bill LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: MIDDLELANE TREATING PLANT

Dear Bill:

On the Middlelane Treating Plant, an agreement between Mr. Keith, J.W. Neal (Mr. Keith's lawyer), the State Land office and David Boyer was made on the clean up of the site. This was one of 3 sites the Oil Conservation Division (OCD) authorized for basic sediments and tank bottoms to be dumped in the early 1960's.

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The OCD made the agreement with Mr. Keith and his lawyer and now after David Boyer left no one is left to uphold our end of the agreement. I would recommend the bond be released with some notation that this is per agreement from David Boyer, the previous Environmental Bureau Chief. I am not sure how we can ask people to spend money on clean up and then say the OCD is not honoring previous commitments.

The same thing is about to happen with Mr. Squires at Laguna Gatuna, but at least Rodger was in on the talks and inspections so he is aware of the agreements that were made.



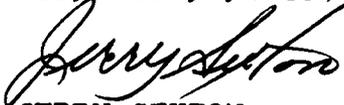
Page 2
Bill LeMay
February 2, 1993

Kathy Brown inspected the Middlelane Treating Plant site and can fill you in on the actual plant site.

Mr. Keith keeps calling about his release of bond. If the bond cannot be released, I would recommend a meeting between Rodger, Mr. Keith and Mr. Keith's lawyer to tell them where they stand.

Note: I think David Boyer took samples and had them evaluated to make sure everything was okay.

Very truly yours,



JERRY SEXTON
District I Supervisor

JS/sad

xc: Rodger Anderson



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

December 19, 1997

LA-SA94

TO: Mike Matush, Environmental Specialist
THRU: Jim Norwick, Assistant Director-Field Operations
FROM: Leon Anderson, Land Use Specialist
Hobbs District *Leon Anderson*
RE: Site Inspection: BL-1143
Jess Keeth (New Mexico Petroleum Company)

SYNOPSIS

A follow up site inspection of SLO Business lease BL-1143 was conducted on December 5, 1997. The attached photos represent the remaining improvements left on site. All were fence corners and barbed wire. Several of the photos indicate the current condition of the surface as of December 5, 1997.

I spoke with Wayne Price with the OCD Hobbs office concerning the information in their files of subject business lease. The information in their files is basically represent the original \$25,000.00 Cash Treating Plant Bond. Wayne notified Martyne Kieling with OCD Environmental Bureau regarding the issue. They have found another letter which Chris Ustice former employee at the Hobbs office which indicated his concerns with the site. Martyne will be looking into the matter some time after the first of the year.

I recommend that Jess Keeth be notified of the remaining fence post and wire that needs to be removed. Releasing of the business lease and bond need to be delayed until such time OCD has looked into the matter. A written closure plan may be needed for compliance and acceptable to OCD. I feel they will be requiring additional testing before making any decisions.

I will try to get a copy of the letter from Chris Ustice for your files. Attached is a copy of cost estimate that was in the OCD files in Hobbs. The only other document other than the estimate

December 19, 1997

(2)

LA-SA94

was a copy of the Assignment of Cash Collateral Deposit for Treating Plant Bond which is the same as you had sent recently for my information.

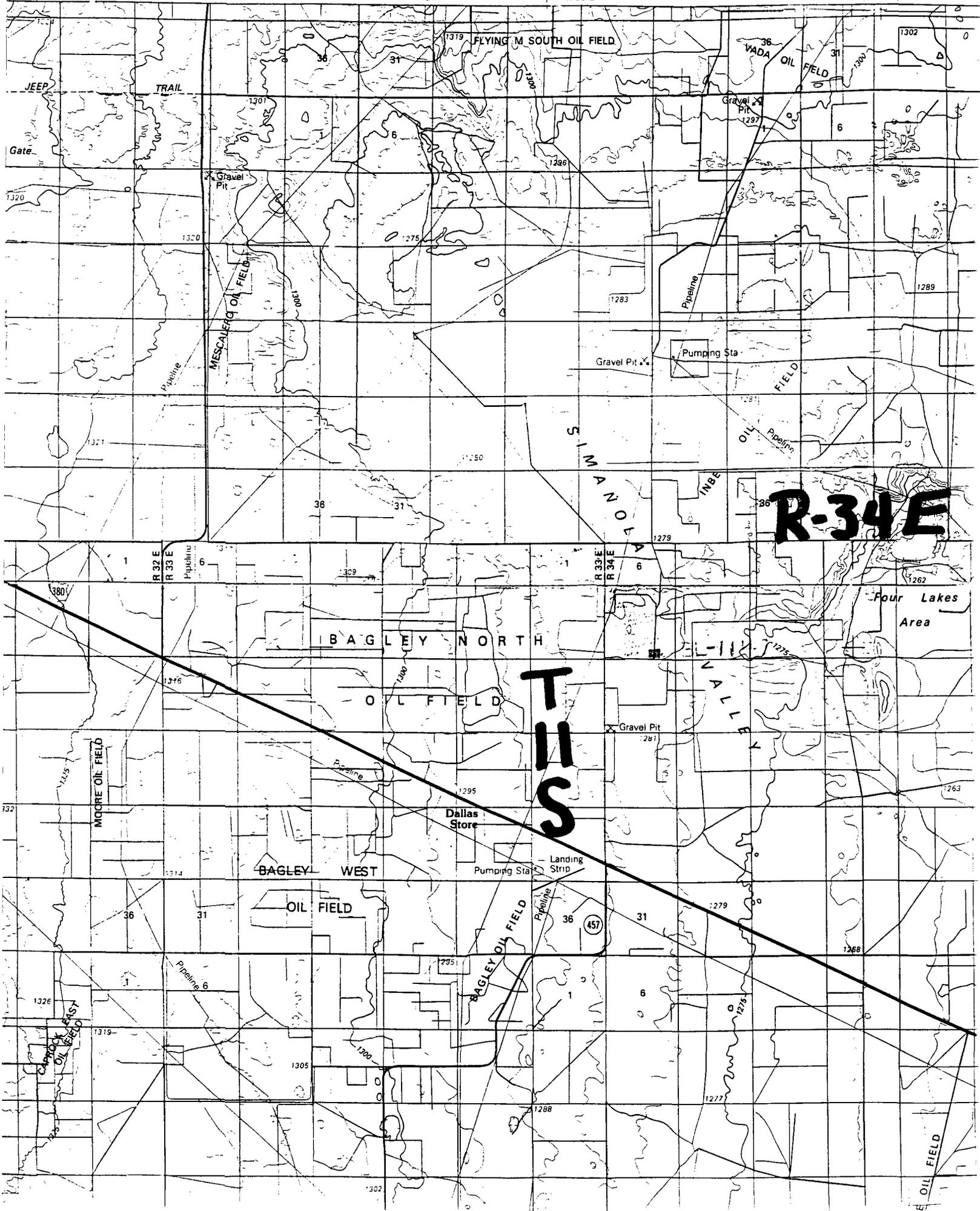
Please advise if further help is needed. I will forward any updates from this end as they transpire.

LEGAL DESCRIPTION

<u>T11S, R34E</u>			<u>NMPM</u>
SECTION 7:	SW4SE4	3.49 ACRES	LEA COUNTY

LOCATION

Subject site is located approximately 3 miles northeast of the junction of NM-457 and US-380 west of Tatum, New Mexico..



R-34E

SIT

Four Lakes Area

BAGLEY NORTH

OIL FIELD

BAGLEY WEST

OIL FIELD

Dallas Store

Pumping Sta

Landing Strip

BAGLEY SOUTH

(457)

OIL FIELD



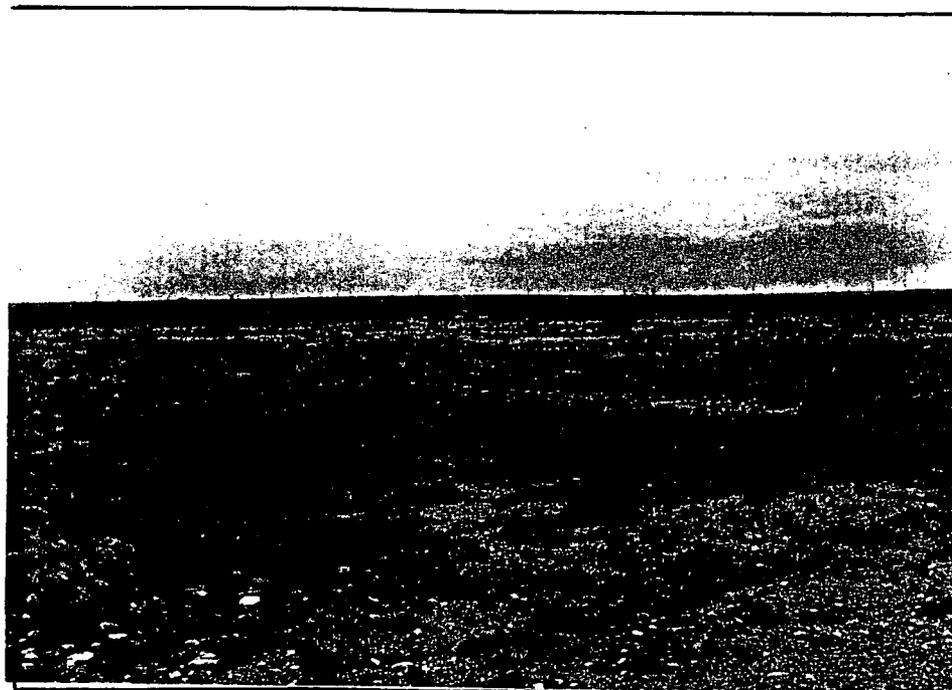
SE CORNER

BL- 1143

RW- _____

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

WD- _____



Looking SE CORNER to NW CORNER

BL- 1143

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

RW- _____



Entry

BL- 1143

RW- _____

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

WD- _____



NE CORNER

BL- 1143

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

RW- _____



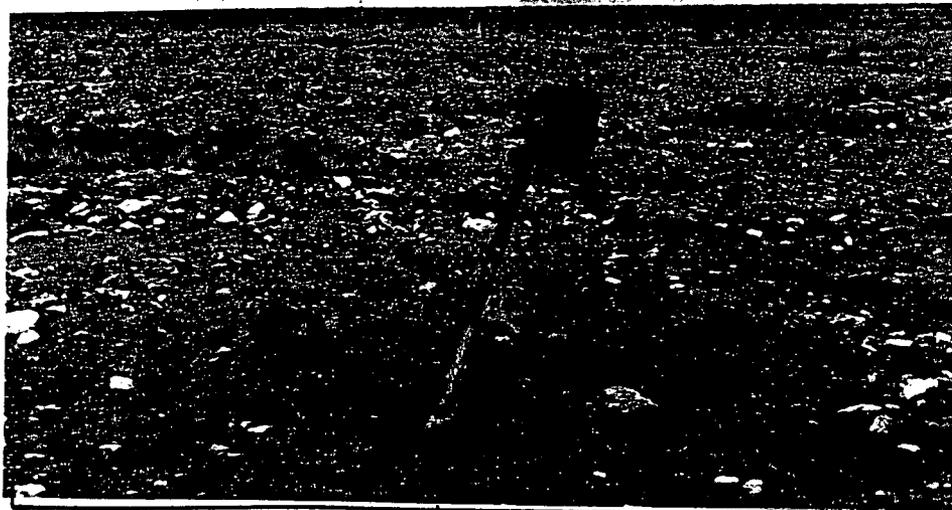
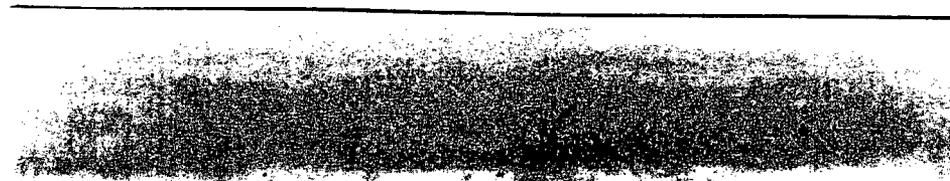
Looking SE

BL- 1143

RW- _____

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

WD- _____



Looking SE

BL- 1143

RW- _____

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4



Look South From NW Corner

BL- 1143

RW- _____

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

WD- _____



Looking NE

BL- 1143

RW- _____

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4



RW _____ *looking West*

BL 1143 SECTION 7 TWP 11S RGE 34E SUB DIV SW4SE4



RW _____

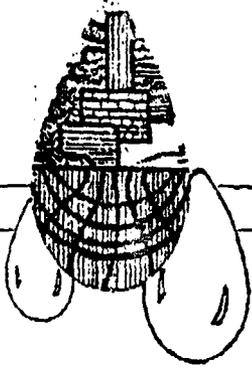
SECTION 7 TWP 11S RGE 34E SUB DIV SW4SE4

BL 1143

Karl Souder and Associates, Inc.

- UNDERGROUND STORAGE TANK MANAGEMENT
- REMEDIATION OF GROUND WATER CONTAMINATION
- GROUND WATER RESOURCE EVALUATION
- GROUND WATER POLLUTION CONTROL
- WELL LOCATION HYDROCHEMISTRY

1476 ST. FRANCIS DR. • SANTA FE, NM 87501 • (505)983-4611 • FAX (505)983-4113



Date: April 4, 1991

To: Nick Black

From: Paige Morgan

Re: Preliminary investigation of contamination on State land: a rough cost estimate.

Location: T11N R34E Section 7 SW 1/4 SE 1/4, some 15 miles northwest of Tatum

Subject of Investigation: A pit of dimensions roughly 60 x 90 feet, into which tank bottom sludge and oil waste was disposed. Groundwater is reported to be at about 30 feet, and is of good quality.

Object of Investigation: Determine (1) the lateral and vertical extent of soil contamination; (2) whether groundwater has been contaminated; and (3) whether this contamination falls under the New Mexico Hazardous Waste regulations or the New Mexico Water Quality Control Commission regulations.

Method: Auger 5 monitor wells to a total depth of approximately 45 feet: one well will be centered on the zone of apparently worst contamination, the others will be spaced to locate the fringes of soil contamination and to determine the groundwater gradient. Collect split-spoon samples at 5-foot intervals; record lithology; analyze by field method (Hanby method), select samples from certain intervals (based on field evaluations) for laboratory analysis. Prepare site map.

Review field and laboratory results. Prepare report of findings and recommendations for further action, if any, for State Land Office and regulatory authorities. Act as liaison with regulatory agencies.

Cost Estimate: \$1200 per well; for 5 monitor wells..... \$6000

TCLP analysis (to determine if haz. waste present)..... 600

TPH analysis (to detect presence of petroleum hydrocarbons): \$125 per test x 3 samples per well..... 1875

Hanby tests: @ \$30 x 9 per well.....	1350
KSA Field Hydrologist @ \$50/hr. + Geotechnician @ \$30/hr. for four days	2560
Per diem + mileage.....	500
Report preparation, interface w/ regulatory agencies...	1500
Subtotal.....	14,385
10% contingency	1438
Estimated total.....	\$15,823

Again, I must stress that this is an approximate cost of a preliminary investigation. I hope it serves to give you a sense of our approach to the problem and our cost structure. Please let me know if I can answer any further questions or clarify any point herein - although I'm afraid I won't be any easier to reach for the next week than I have been in the past week! After that, things should settle down a bit.

Thank you for the opportunity to provide you with a proposal to perform the investigation of this site.

Sincerely,


Paige Morgan

RECEIVED

DEC 11 1997

Environmental Bureau
Oil Conservation Division

November 2, 1993

CERTIFIED MAIL
RETURN RECEIPT NO. P-111-334-277

Mr. Jeff Keeth
New Mexico Petroleum
P.O. Box 1388
Lovington, New Mexico 88260

**Re: Middle Lane Treating Plant Closure
Lea County, New Mexico**

Dear Mr. Keeth:

On November 1, 1993 you verbally requested that the New Mexico Oil Conservation Division (OCD) release the \$25,000 bond covering the above referenced facility. Information on file with the OCD indicates that the constructed facilities have been removed. OCD rule 312.A.13 requires that facility "clean-up shall be in accordance with a plan acceptable to the Division Director". The OCD has no record of such a plan being submitted to the Division Director for approval.

Prior to release of the bond you are required to submit the following items;

- 1) A written request for the release of the \$25,000 bond.
- 2) A report describing all closure activities performed including the method of closure of the sludge pit, diagrams and/or maps indicating lateral and vertical extent of the contamination, the level of contamination that closure attained and the analytical results indicating attainment of these levels.

Submission of the above mentioned materials shall allow prompt review by the Environmental Bureau staff. If you have any questions contact Chris Eustice at (505) 827-5824.

Sincerely,

Mr. Jeff Keeth
January 19, 1994
Page 2

Roger C. Anderson
Environmental Bureau Chief

RCA/cee
xc: OCD Hobbs Office

ROBERT L. LOVE

ATTORNEY AT LAW

P. O. BOX 1099

HOBBS, NEW MEXICO 88240

ROBERT L. LOVE, J.D., LL.M.

PHONE
(505) 397-7461

November 18, 1986

Mr. Jeff Taylor
Oil Conservation Division
Energy & Minerals Department
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: New Mexico Petroleum Company
Transfer of Ownership

Dear Mr. Taylor:

This letter is a request for the Commission to schedule at its earliest possible hearing a transfer of ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland E. Caudill of Lovington, New Mexico, to Jess Keeth, P. O. 1388, Lovington, New Mexico 88260.

Also enclosed herein is an Assignment of Cash Collateral Deposit executed by Mr. Jess M. Keeth and First Interstate Bank of Lea County in the amount of \$25,000.00.

Please advise me of the hearing.

Yours truly,



Robert L. Love
Attorney for New Mexico Petroleum Company

RLL/tn

Enclosure: as stated.

carbon copy - Gary Don Reagan

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 11-14-86

Certificate # 0203989957679 matures 12-26-87

Pursuant to Rule 312 of the Rules of the Oil Conservation Division, or successor provisions, Jess M Keeth (hereinafter referred to as "owner") of Box 1388, Lovington, NM 88260 (address) has deposited with the First Interstate Bank of Lea Co (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.

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

Signature of Authorized Officer of
Financial Institution

Barbara McWilliams
Title Barbara McWilliams
Vice President

Title _____

STATE OF NEW MEXICO) ss.
COUNTY OF Lea

On this 14 day of November, 1986, before me personally appeared Jess M Keeth, 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.

Barbara McWilliams
NOTARY PUBLIC

My Commission expires:
May 11, 1987

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

January 20, 1987

POST OFFICE BOX 2083
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

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

Re: New Mexico Petroleum Company
Transfer of Treating Plant
Ownership

Dear Mr. Love:

Pursuant to the provisions of Division General Rule 312(d) your request to transfer ownership of the New Mexico Petroleum Company Middle Lane Treating Plant located in the SW/4 SE/4 of Section 7, Township 11 South, Range 37 East, NMPM, Lea County, New Mexico, authorized by Division Order No. R-3960, as amended, from Michael D. Caudill and Roland Caudill to Jess Keeth is hereby recognized and approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. Lemay".

WILLIAM J. LEMAY
Director

WJL/MES/fd

cc: ✓ Jerry Sexton
Jeff Taylor
Jess Keeth
Case No. 9057



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBES DISTRICT OFFICE
January 2, 1987

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 1250
HOBBES, NEW MEXICO 88240
(505) 393-6161

New Mexico Petroleum Company
P.O. Box 1145
Lovington, New Mexico 88260
Attn: Roland E. Caudill

Re: Middle Lane Plant

Gentlemen:

On January 2, 1987, I made an inspection of the Middle Lane Treating Plant located in the SW/4 SE/4 of Section 7, Township 11 South, Range 37 East, Lea County, New Mexico.

The location is in satisfactory condition and I have no objections to the transfer of this facility to the new owner.

Very truly yours

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

JS:bp

cc: OCD, Santa Fe, New Mexico
File



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

January 5, 1993

BRUCE KING
GOVERNOR

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

Roger Anderson
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Middle Lane Treating Plant

Dear Mr. Anderson:

Attached are pictures of the Middle Lane Treating Plant site, located in Section 7, Township 11 South, Range 34 East, Lea County, New Mexico, owned by Jess Keeth.

As you know, his lawyer came to Santa Fe and talked with Dave Boyer and you (I assume) about getting his treating plant bond released.

I believe he has done all the procedures that were agreed upon and request that the treating plant bond be released.

Let me know if there are any problems.

Very truly yours

OIL CONSERVATION DIVISION

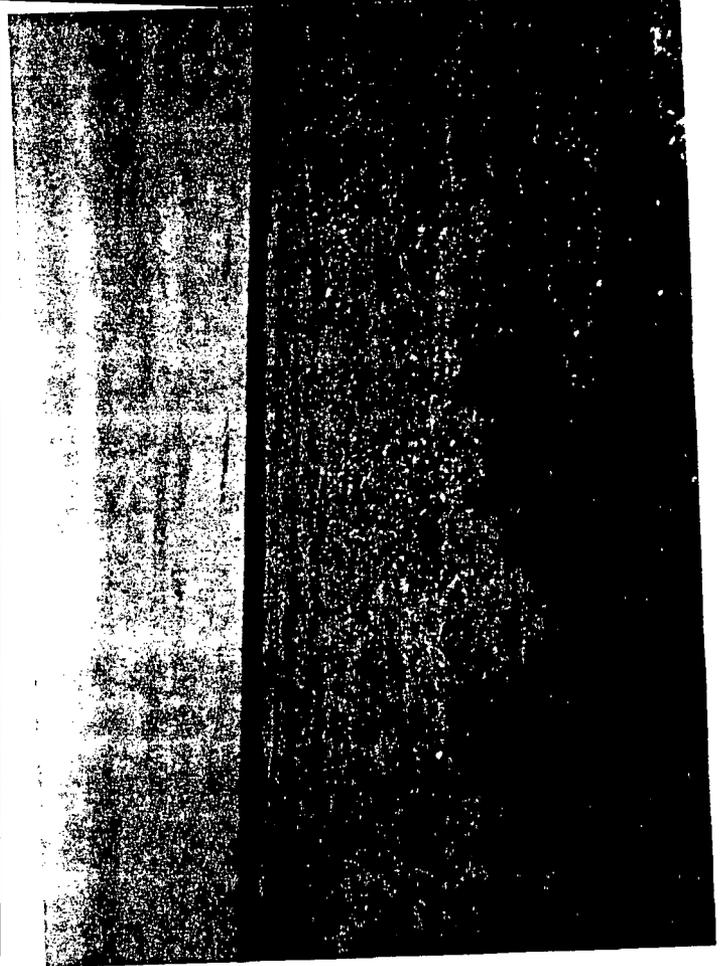
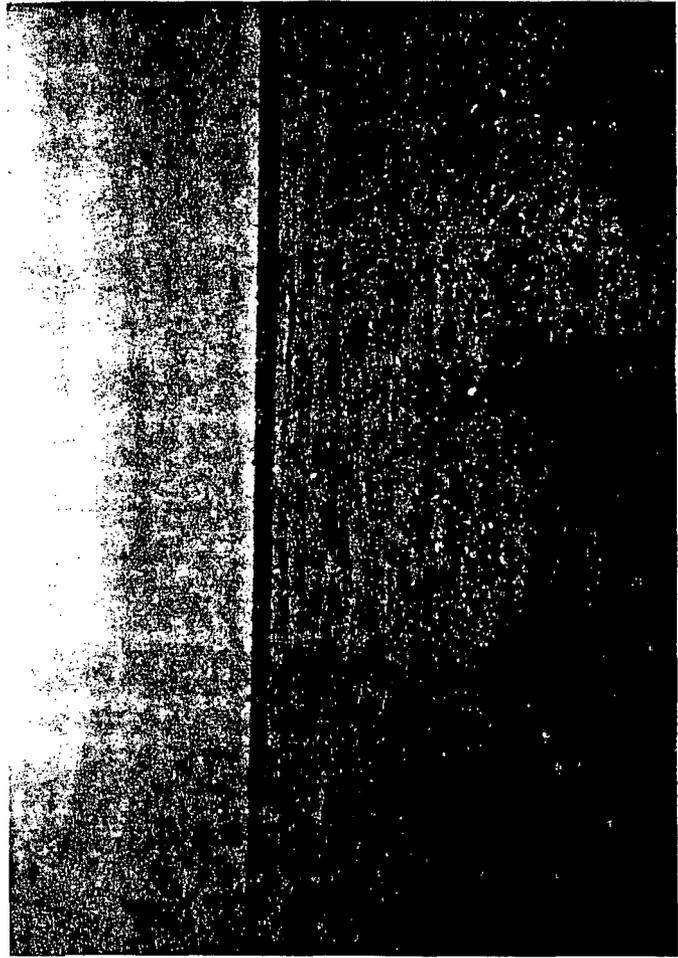
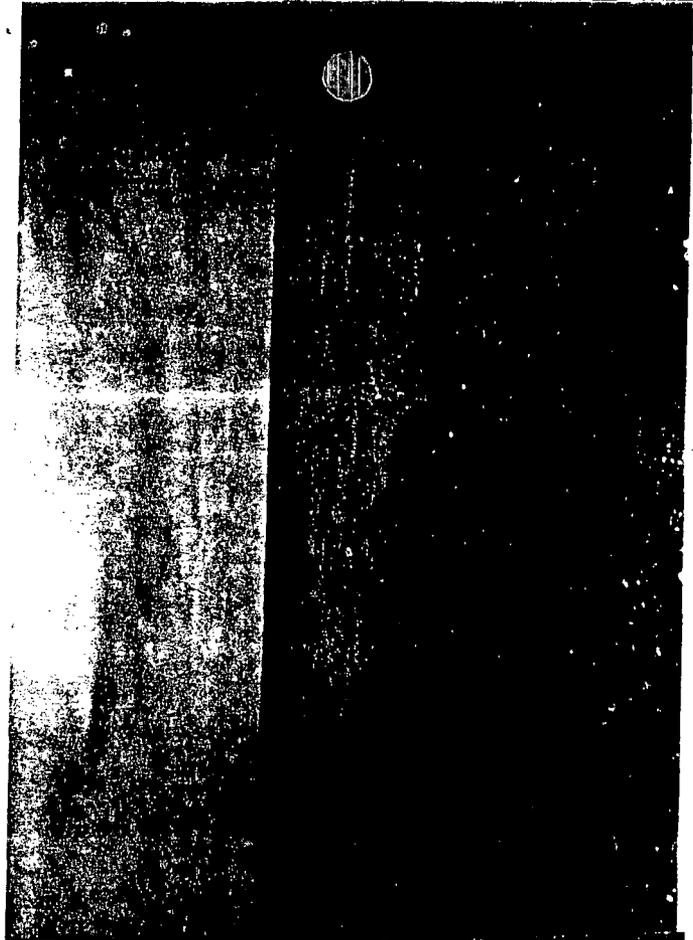
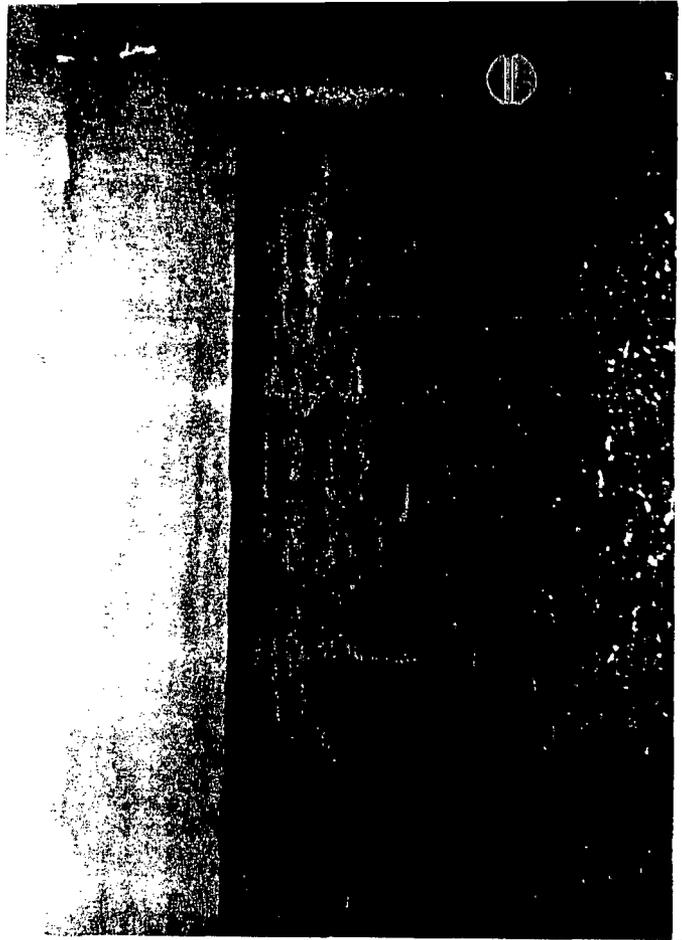
Jerry Sexton
Supervisor, District I

JS:bp

File

Enclosure





TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of A. M. Peterson Month of Jan 88

Address 1500 E Lammear Lovington NM
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane	sec 7 Twp 11S - Rge 24E	05
TOTAL ALL PLANTS		

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
None		0
TOTAL ALL PLANTS		

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
None		0
TOTAL ALL PLANTS		

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane		05
TOTAL ALL PLANTS		

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR A. M. Peterson

Title _____

Date 1-9-1988

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of Wm Mc Peterson Month of Dec 1988

Address _____ (Street) _____ (City) _____ (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane	Sec 4-Top 115 - Pgs 34E	34E 05
TOTAL ALL PLANTS		

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
None		0
TOTAL ALL PLANTS		

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
None		0
TOTAL ALL PLANTS		

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane	Section P. Pgs 34E	05
TOTAL ALL PLANTS		

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR Wm Mc Peterson

By _____ Title _____ Date Dec

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of Amy Plutem Month of Oct 88
Address 1506 Commercial Lawyer NM
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane	Soc 7 fuel 115-34E	05

TOTAL ALL PLANTS

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
None		0

TOTAL ALL PLANTS

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
None		0

TOTAL ALL PLANTS

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane	Soc 7 fuel 115 Rge 34E	05

TOTAL ALL PLANTS

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR _____

By _____ Title _____ Date 10-10-88

Report of NEW MEXICO PETROLEUM COMPANY

Month of SEPTEMBER 1988

Address 1500 SOUTH COMMERCIAL
(Street)

LOVINGTON,
(City)

NEW MEXICO 88260
(State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
		TOTAL ALL PLANTS
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
NONE		0
		TOTAL ALL PLANTS
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
NONE		0
		TOTAL ALL PLANTS
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
		TOTAL ALL PLANTS

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.

ROLAND E. CAUDILL

SALES REPRESENTATIVE

By _____ Title _____ Date 10-15-88

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE NEW MEXICO PETROLEUM COMPANY 1988			

SEPTEMBER

1988

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM COMPANYMonth of AUGUST 1988Address 1500 SOUTH COMMERCIAL
(Street)LOVINGTON,
(City)NEW MEXICO 88260
(State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05

TOTAL ALL PLANTS

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
NONE		0

TOTAL ALL PLANTS

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
NONE		0

TOTAL ALL PLANTS

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
		TOTAL ALL PLANTS 05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.

ROLAND E. CAUDILL

SALES REPRESENTATIVE

By _____ Title _____

Date 10-15-88

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE NEW MEXICO PETROLEUM COMPANY AUGUST 1988			

TREATING PLANT OPERATOR'S MONTHLY REPORT

B

Report of NEW MEXICO PETROLEUM COMPANY Month of NOVEMBER 1988

Address 1500 SOUTH COMMERCIAL LOVINGTON NEW MEXICO 88260
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
NONE		0
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
NONE		0
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.

By ROLAND E. CAUDILL Title SALES REPRESENTATIVE Date 12-14-88

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE NEW MEXICO PETROLEUM COMPANY NOVEMBER 1988			

REVISIONS
10-1-88
10-1-88

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM COMPANY

Mo. of JULY

1988

Address 1500 SOUTH COMMERCIAL
(Street)

LOVINGTON
(City)

NEW MEXICO 88260
(State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
NONE		0
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
NONE		0
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.

ROLAND E. CAUDILL

SALES REPRESENTATIVE

By _____

Title _____

Date 10-15-88

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE NEW MEXICO PETROLEUM COMPANY JULY 1988			

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM COMPANY Month of JUNE 1988

Address 500 S. Commercial LOVINGTON N. M. 88260
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane	Sec-7;Twp-11S;RGe34E	05

TOTAL ALL PLANTS 05

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Araho Inc.	Sec-1;Twp-17S;Rge-36E	150

TOTAL ALL PLANTS 150

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
Middle Lane	Moncrief Oil St.8#2 Sec-8;Twp-16S;Rge-33E	75
	Charles B. Gillespie Jr. Sec-10;Twp-17S;Rge-37E	75

TOTAL ALL PLANTS 150

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane	Sec-7;Twp-11S;Rge-34E	05

TOTAL ALL PLANTS 05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.

By Roland E. Caudill Title Sales Rep. Date 7-10-88

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NEW MEXICO PETROLEUM COMPANY			
	JUNE 1988			
H-10647	Araho Inc.	L.C. State #1	75	75
H-10648	" "	" " "	75	75

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM CO. Month of May 1988

Address 500 S. Commercial Lovington, N.M. 88260
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Araho Inc. L.C. State #1	Sec-1;Twp-10S;Rge-36E	50
TOTAL ALL PLANTS		50

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
Middle Lane Plant	AMERIND OIL St. #2 Sec-2;Twp-17S;Rge-37E	50
TOTAL ALL PLANTS		50

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.

By Roland E. Caudill Title Sales Rep. Date 6-16-88

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
H-10581	Araho Inc.	L.C. State #1	50	50
NEW MEXICO PETROLEUM CO. MAY 1988				

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of Y. M. Petroleum Co. Month of April
 Address 1500 S Commercial Los Alamos, NM 87560
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane	Sec 7 Twp 11S Rge 3E	5
TOTAL ALL PLANTS		

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
None		0
TOTAL ALL PLANTS		

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
None		0
TOTAL ALL PLANTS		

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
None Middle Lane	Sec 7 Twp 11S Rge 3E	5
TOTAL ALL PLANTS		

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR Y. M. Petroleum Co.

Date April 68

TREATING PLANT OPERATOR'S MONTHLY REPORT

B

Report of NEW MEXICO PETROLEUM COMPANY Month of MARCH 1988

Address 1500 S. Commercial LOVINGTON N.M. 88260
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane Plant	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
	None	
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
	None	
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane Plant	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM COMPANY

By Roland E. Caudill Title Sales Rep. Date 5-1-88

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE NEW MEXICO PETROLEUM COMPANY MARCH 1988			

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM CO. Month of FEBRUARY 1988

Address 1500 S. Commercial P.O. Box 1145 LOVINGTON, N.M. 88260
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE PLANT	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
NONE		
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
NONE		
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE PLANT	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.

By ROLAND E. CAUDILL Title SALES REPRESENTATIVE Date 2-20-88

OIL CONSERVATION DIVISION

Form C-118
Revised 10-1-78
Sheet 1-A

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088

SANTA FE, NEW MEXICO 87500

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NEW MEXICO PETROLEUM CO.	FOR FEBRUARY 1988	NONE	NONE

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM COMPANY Month of JANUARY 1988

Address 1500 S. COMMERCIAL P.O. BOX 1145 LOVINGTON, N.M. 88260
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE PLANT	Sec-7; Twp-11S; Rge-34E	05
TOTAL ALL PLANTS		05
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
NONE		
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
NONE		
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE PLANT	Sec-7; Twp-11S; Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM COMPANY

By ROLAND E. CAUBILL Title SALES REPRESENTATIVE Date 2-10-88

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NEW MEXICO PETROLEUM CO.	FOR JANUARY 1988	NONE	NONE



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



BRUCE KING
GOVERNOR

November 2, 1993

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

ANITA LOCKWOOD
CABINET SECRETARY

CERTIFIED MAIL
RETURN RECEIPT NO. P-111-334-277

Mr. Jeff Keeth
New Mexico Petroleum
P.O. Box 1388
Lovington, New Mexico 88260

**Re: Middle Lane Treating Plant Closure
Lea County, New Mexico**

Dear Mr. Keeth:

On November 1, 1993 you verbally requested that the New Mexico Oil Conservation Division (OCD) release the \$25,000 bond covering the above referenced facility. Information on file with the OCD indicates that the constructed facilities have been removed. OCD rule 312.A.13 requires that facility "clean-up shall be in accordance with a plan acceptable to the Division Director". The OCD has no record of such a plan being submitted to the Division Director for approval.

Prior to release of the bond you are required to submit the following items;

- 1) A written request for the release of the \$25,000 bond.
- 2) A report describing all closure activities performed including the method of closure of the sludge pit, diagrams and/or maps indicating lateral and vertical extent of the contamination, the level of contamination that closure attained and the analytical results indicating attainment of these levels.

Submission of the above mentioned materials shall allow prompt review by the Environmental Bureau staff. If you have any questions contact Chris Eustice at (505) 827-5824.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

RCA/cee
xc: OCD Hobbs Office



JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

OIL CONSERVATION DIVISION
RECEIVED

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P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

February 12, 1993

Bill LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Jess M. Keeth d/b/a N. M. Petroleum Co. - BL-1143
(\$25,000 - cash bond - Treating Plant

Dear Mr. LeMay:

I am concerned that Mr. Keeth has been requesting the release of the above referred to bond (copy attached).

We have not been successful in gaining the cooperation for the cleanup of the abandoned oil treating facility from any of the parties involved. Therefore, we are requesting the bond not be released until we give approval that site has been cleaned and restored to its condition existing prior to placement of improvements. Written approval of cleanup from regulatory authorities must also be submitted to this office.

If you have any questions concerning this issue, please call Zilla Padilla at 827-5723.

Sincerely,

Johnny A. Taylor
Assistant Commissioner

JAT/ZPP/dl

Attachment

*Cym Rosen
FAX to
Jimmy Hobbs*

001-022

Adopted 9-1-86

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

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.

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

FIRST INTERSTATE BANK OF LEA COUNTY

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

Robert C. Dunn, Jr.
Vice President
Title

Title

STATE OF NEW MEXICO) ss.
COUNTY OF Lea

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.

Karen Gobble
NOTARY PUBLIC - Karen Gobble

My Commission expires:
9/8/90

OIL CONSERVATION DIVISION

Charles E. Bly 1/9/87
Acting Director

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 97504

KNOW ALL MEN BY THESE PRESENTS:

New Mexico

That Jess M. Keeth d/b/a Petroleum Company (an individual) ~~(partnership) (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.

FRANCIS H

Postal 1388
Mailing Address

Louigler NMA 88560

By _____
Signature Title

By _____

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

(Note: Corporate surety affix corporate
seal here.)



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

OIL CONSERVATION DIVISION
RECEIVED
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BRUCE KING
GOVERNOR

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

February 2, 1993

Bill LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: MIDDLELANE TREATING PLANT

Dear Bill:

On the Middlelane Treating Plant, an agreement between Mr. Keith, J.W. Neal (Mr. Keith's lawyer), the State Land office and David Boyer was made on the clean up of the site. This was one of 3 sites the Oil Conservation Division (OCD) authorized for basic sediments and tank bottoms to be dumped in the early 1960's.

The useable oil was reclaimed over the years and Mr. Keith, who to be honest with you never really operated the plant, acquired the site and found he was responsible for closure.

The closure procedure was to mix the solid basic sediments with caliche and bury the mixture, which has been done.

Roger was not in on the talks with Mr. Keith and feels he cannot release the bond. Rodger has said that you have the authority to release the bond.

The OCD made the agreement with Mr. Keith and his lawyer and now after David Boyer left no one is left to uphold our end of the agreement. I would recommend the bond be released with some notation that this is per agreement from David Boyer, the previous Environmental Bureau Chief. I am not sure how we can ask people to spend money on clean up and then say the OCD is not honoring previous commitments.

The same thing is about to happen with Mr. Squires at Laguna Gatuna, but at least Rodger was in on the talks and inspections so he is aware of the agreements that were made.



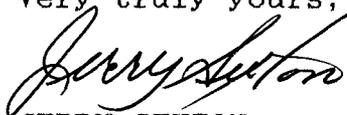
Page 2
Bill LeMay
February 2, 1993

Kathy Brown inspected the Middlelane Treating Plant site and can fill you in on the actual plant site.

Mr. Keith keeps calling about his release of bond. If the bond cannot be released, I would recommend a meeting between Rodger, Mr. Keith and Mr. Keith's lawyer to tell them where they stand.

Note: I think David Boyer took samples and had them evaluated to make sure everything was okay.

Very truly yours,



JERRY SEXTON
District I Supervisor

JS/sad

xc: Rodger Anderson



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

RECEIVED

'93 JAN 7 AM 8 48

January 5, 1993

BRUCE KING
GOVERNOR

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

Roger Anderson
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Middle Lane Treating Plant

Dear Mr. Anderson:

Attached are pictures of the Middle Lane Treating Plant site, located in Section 7, Township 11 South, Range 34 East, Lea County, New Mexico, owned by Jess Keeth.

As you know, his lawyer came to Santa Fe and talked with Dave Boyer and you (I assume) about getting his treating plant bond released.

I believe he has done all the procedures that were agreed upon and request that the treating plant bond be released.

Let me know if there are any problems.

Very truly yours

OIL CONSERVATION DIVISION


Jerry Sexton
Supervisor, District I

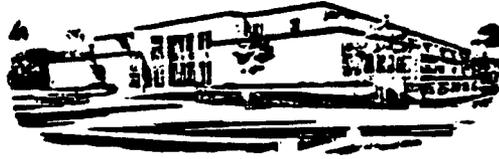
JS:bp

File

Enclosure



State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

February 25, 1991

Mr. Jess Keeth
New Mexico Petroleum Co.
P. O. Box 1388
Lovington, New Mexico 88260

Re: State Business Lease No. BL-1143

Dear Mr. Keeth:

On November 22, 1989, we mailed the lease renewal to P. O. Box 1145, Lovington, New Mexico 88260. It was returned to this office "UNCLAIMED". We have since found a correct Box Number and are enclosing a new lease for two years to May 31, 1991 at \$100.00 per year, in order to allow you more time to reclaim the area and resolve the problem with the oil in the settling pit. I understand you have been working with the Oil Commission in getting the problem resolved.

Please sign before a Notary Public and return with your check for \$200.00, plus \$30.00 processing fee by March 12, 1991.

If you have any questions, please call Zilla P. Padilla at 827-5723.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pleas M. Glenn".

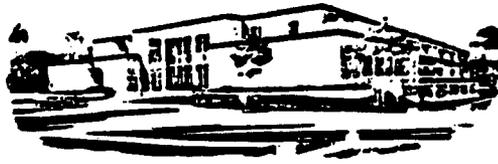
Pleas M. Glenn
Assistant Commissioner

PMG/ZPP/d1

Enclosures (2)

cc: BL-1143
Date File

State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

March 14, 1991

CERTIFIED MAIL

Mr. Jess Keeth
P. O. Box 1388
Lovington, New Mexico 88260

Re: State Land Office Business Lease No. BL-1143

Dear Mr. Keeth:

On February 25, 1991, we mailed you a lease renewal with an expiration date of May 31, 1991. This was to allow you additional time to resolve the problem with the oil in the settling pit and reclaim the area. As of this date, we have not had a reply from you.

Your lease expired May 31, 1989, however, there remains the problem of the oil settling pit on the subject state property.

Pursuant to Section 5 of the lease, you are required to remove all improvements to the land and restore same to its condition existing prior to placement of such improvements. Demand is hereby made that all materials and debris be removed by April 15, 1991 and the oil settling pit cleaned and area restored. Failure to perform your obligation under the lease by April 15, 1991 will require the Commissioner to enforce the terms of the lease in the appropriate forum.

Thank you in advance for your cooperation and assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "P. M. Glenn", written over a horizontal line.

Pleas M. Glenn
Assistant Commissioner

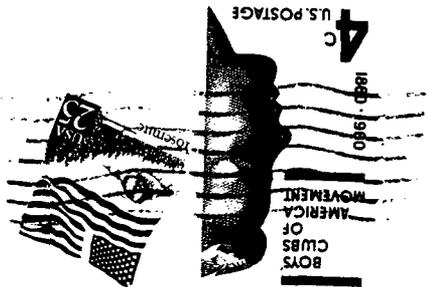
PMG/ZPP/d1

Get in flow

Santa Fe, N.M. 87504

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Amman... Post 1148



100 Post 1148

Post 1148

RECEIVED
OCT 11 0 50 / '81
STATION
SANTA FE, N.M.

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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



- MOVED, LEFT NO ADDRESS
- FORWARDING ORDER EXPIRED
- ATTEMPTED NOT KNOWN
- UNCLAIMED REFUSED
- NO SUCH STREET
- NO SUCH NUMBER

NEW MEXICO PETROLEUM CO.
P.O. Box 215
Tatum, NM 88267



Clased

1st class *9-21-90*
2nd class
Return *10-6-90*

Fold at line over top of envelope to the right of the return address.

CERTIFIED

P 918 402 413

MAIL





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

GARREY CARRUTHERS
GOVERNOR

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

September 19, 1990

CERTIFIED MAIL
RETURN RECEIPT NO. P-918-402-413

New Mexico Petroleum Co.
P. O. Box 215
Tatum, New Mexico 88267

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

Dear Sir:

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

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

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

New Mexico Petroleum Co.

September 19, 1990

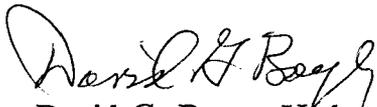
Page -2-

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

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

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

Sincerely,



David G. Boyer, Hydrogeologist
Environmental Bureau Chief

DGB/sl

Enclosure

cc: NMOCD District Office

GARREY CARRUTHERS
Governor



OFFICE of the GOVERNOR
State of New Mexico
Santa Fe 87503

September 14, 1990

President George Bush
Executive Office of the President
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

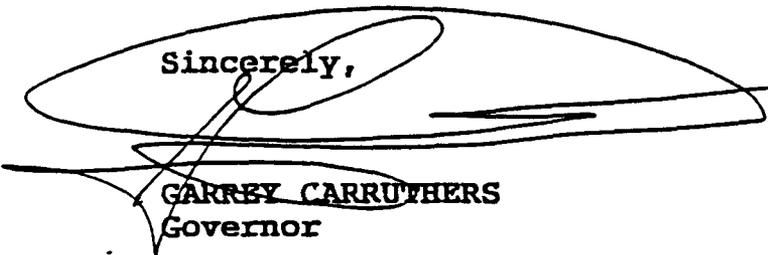
Dear Mr. President:

We in New Mexico have been working to increase domestic crude oil production in order to help meet the short fall of approximately 4.3 million barrels from Kuwait and Iraq. We are deeply concerned about a new Environmental Protection Agency (EPA) rule that will decrease the amount of crude oil and refined petroleum products available domestically. This rule is commonly referred to as the "benzene standard" and is scheduled to be implemented on September 25, 1990. Our concerns were discussed with Admiral Watkins at the September 7 meeting in Washington where oil producing states were called to address the need to increase domestic oil supply.

In New Mexico alone, we anticipate a loss in excess of 10,000 barrels of oil per month. The new EPA rule is a regulatory burden which will shut down facilities which treat and reclaim crude oil from tank bottoms without providing any environmental benefits. It will also jeopardize hydrocarbon clean up programs currently operating at refinery sites.

We recommend implementation of this rule be delayed for at least six months pending a reexamination of its impact and effectiveness. I solicit your personal attention to this important matter and pledge the cooperation of myself and my staff should you or federal agencies need additional information or questions answered concerning this issue.

Sincerely,



GARREY CARRUTHERS
Governor

cc: William J. Riley, EPA Administrator
James D. Watkins, Secretary of Energy
N.M. Congressional Delegation



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

1990 MAY 16 AM 8 38
May 14, 1990

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

GARREY CARRUTHERS
GOVERNOR

Mr. J M Keeth
P O Box 1388
Lovington, N. Mex. 88260

RE: Middle Lane Treating Plant

Mr. Jess Keeth:

Recent conversations with the operator of Bogle Farms Ranch, Mr. Clyde Derrick, brought to our attention the fence around your treating plant. The fences are in poor shape and are allowing cattle to enter the area and some have been in contact with oil and BS in the pit.

We would like you to contact Mr. Derrick at (505) 398-6411 to resolve the problem with his cattle, and in addition, repair the fence around your plant.

You also need to contact Mr. Dave Boyer (505) 827-5885 about the cleanup of the pit as soon as possible.

Your immediate attention to these matters will be greatly appreciated.

Yours Very Truly,
OIL CONSERVATION DIVISION

A handwritten signature in cursive script that reads "Jerry Sexton".

Jerry Sexton,
Supervisor - Dist. I

JS/EWS: jm

cc: Mr. Dave Boyer
Mr. Clyde Derrick

NM P&T Co.
Middlestone Treater Plant
SW 85 Sec 7, 11S, 34E

Jess Keith Operator
State Land ~~88960~~
P.O. 1388 Lovington
Closure & Reclamation

- big new 4' deep pit ~~through~~
- Move B into it, cover
with plastic, & soil

- Dig pit for solids -
Tank insulation,
metal pieces, drums,
trash, pipe, etc
and cover

- Reclaim grade and
remove berms.

Remove
- Fence ~~and~~ label?

- water well 1/4 mile North

State # 16705L
Blurred 7/11/34

Still C. 11/11/34



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

April 4, 1990

GARREY CARRUTHERS
GOVERNOR

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

First Interstate Bank of
Lea County
P. O. Box 400
Hobbs, New Mexico 88240

Re: \$25,000 Cash Treating Plant Bond
Jess M. Keeth dba New Mexico
Petroleum Company
Bond No. OCD-022
Your Certificate of Deposit No. 02-03980057679

Gentlemen:

As we advised Emma in your office on April 3, 1990, the principal under the above-referenced cash bond, and your depositor, Jess M. Keeth dba New Mexico Petroleum Company, has apparently abandoned the treating plant facility which was covered by this bond and has notified the State Land Office, as Lessor of the lands upon which the facility was situated, that he has no money and is unable to continue operations. The Land Office has further determined that all of the hard assets, including tanks and other equipment, has been removed from this facility but that there is substantial clean-up which may be required.

Your are therefore advised pursuant to the terms of the bond and the Assignment of Cash Collateral Deposit executed by Robert C. Dunn, Jr., Vice President of your institution, that under no circumstances are the funds presented by this certificate of deposit to be released to Mr. Keeth or anyone on his behalf until further notice by the OCD. It appears quite likely that the OCD will be initiating an action to require Mr. Keeth to clean up and restore the facility or forfeiture of the bond if the OCD is required to conduct such clean-up operations.

We will keep you advised of the situation and you will receive notice of any hearing which is conducted in this regard.

We appreciate your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert G. Stovall".

ROBERT G. STOVALL,



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

MAY 16 AM 8 38
May 14, 1990

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

GARREY CARRUTHERS
GOVERNOR

Mr. J M Keeth
P O Box 1388
Lovington, N. Mex. 88260

RE: Middle Lane Treating Plant

Mr. Jess Keeth:

Recent conversations with the operator of Bogle Farms Ranch, Mr. Clyde Derrick, brought to our attention the fence around your treating plant. The fences are in poor shape and are allowing cattle to enter the area and some have been in contact with oil and BS in the pit.

We would like you to contact Mr. Derrick at (505) 398-6411 to resolve the problem with his cattle, and in addition, repair the fence around your plant.

You also need to contact Mr. Dave Boyer (505) 827-5885 about the cleanup of the pit as soon as possible.

Your immediate attention to these matters will be greatly appreciated.

Yours Very Truly,
OIL CONSERVATION DIVISION

Jerry Sexton
Jerry Sexton,
Supervisor - Dist. I

JS/EWS: jm

cc: Mr. Dave Boyer
Mr. Clyde Derrick

Sullivan, N.Y. "A" State #1 66065L
Plugged 7/11/34 1830 East

NM Pat. Co.
Mid-Atlantic Transfer Plant
SU 35 Sec 7, 115, 34 E

Jess Height Operator
State Land (2830)
PO 1388 Lexington
Clerks & Receptionists

A 9 new 4' deep pit / trench
Mark

- Move B 5 into it, ceiling
with plastic, avoid

- Dig pit for solids -
Tank insulation,
metal pieces, drums,
bricks, pipes, etc
and cinders,

- Reclaim by grade and
remove berms.

- Remove ~~label~~ label?

- Check well 49 miles NW

State of New Mexico



JIM BACA
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

May 2, 1991

Robert Stovall, General Counsel
Oil Conservation Division
Energy, Minerals & Natural Resources Department
State of New Mexico
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: Jess M. Keeth

Dear Bob:

Attached are copies of the demand letters to Messrs. Keeth, Caudill and Davenport regarding the restoration of the oil treatment plant site on state trust lands near Tatum, which I have discussed with you previously. The demand letters also were served upon the corporate entities, Rio Verde Enterprises, Inc., and Verde Grande, Inc., both are oil reclamation companies owned by the Caudills.

We expect to actively proceed with this matter if the requirements of the demand are not met and will be looking to OCD to coordinate its efforts with that of the Commissioner, particularly as it relates to the reclamation bond held by OCD.

Very truly yours,

A handwritten signature in cursive script that reads "Nicholas J. Black".

Nicholas J. Black
Associate Counsel
New Mexico State Land Office

NJB/pt

enclosure



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

CERTIFIED

NO. 49719

APRIL 19, 1991

Michael D. Caudill
906 West Harrison Ave
Lovington, New Mexico 88260

RE: New Mexico Petroleum Co.
Oil Treatment Plant Facility
T11S, R34 E, Sec. 7, SW4SE4
BL- 1143

Dear Mr. Caudill:

As you know, you are the named lessee in the above-described lease which permitted certain state trust land to be used as part of an oil treatment facility. The operations of the facility ceased in 1990 and the land now must be reclaimed pursuant to the terms of the lease.

Mr. Jess Keeth, your assignee, has failed to perform the reclamation obligation set forth in Section 5 of the lease. This provision requires removal of all improvements and the land be returned to the condition existing prior to placement of such improvements. We understand Mr. Keeth has removed all improvements but for the fencing and the waste material produced from the oil recovery operations.

Your failure, and that of your predecessors and assignee, to reclaim and restore the property constitutes a breach under the terms of the lease. Furthermore, we are concerned that the recent EPA regulatory changes may require treating the facility

April 19, 1991

as a hazardous waste site, if benzene concentrations exceed certain levels. The Oil Conservation Division of Energy, Minerals and Natural Resources Department has advised that good quality groundwater exists in the area at approximately 30 feet.

Demand, therefore, is made upon you to immediately undertake the performance of your reclamation and restoration obligations under the lease. The obligation to restore and reclaim is unaffected by your assignment to Mr. Keeth. The waste material and soil first must be tested to determine composition and whether any hazardous substance is present. Once this phase is completed satisfactorily, a proposed reclamation plan from a qualified environmental engineering firm shall be submitted for the Commissioner's approval, after which the diligent and timely restoration and reclamation action shall be taken.

Please contact the undersigned within seven (7) days from receipt of this letter to arrange for site testing and material sampling. In the event you do not satisfactorily comply with the terms hereof, the Commissioner will take what action is necessary to protect the interests of the trust of which this land is a part, and its beneficiaries.

Sincerely,



Nicholas J. Black
Special Assistant Attorney General

NJB/lh



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

CERTIFIED

NO. 49720

APRIL 19, 1991

Roland E. Caudill, President
Rio Verde Enterprises, Inc.
822 West Birch Street
Lovington, New Mexico 88260

RE: New Mexico Petroleum Co.
Oil Treatment Plant Facility
T11S, R34 E, Sec. 7, SW4SE4
BL- 1143

Dear Mr. Caudill:

As you know, you are the named lessee in the above-described lease which permitted certain state trust land to be used as part of an oil treatment facility. The operations of the facility ceased in 1990 and the land now must be reclaimed pursuant to the terms of the lease.

Mr. Jess Keeth, your assignee, has failed to perform the reclamation obligation set forth in Section 5 of the lease. This provision requires removal of all improvements and the land be returned to the condition existing prior to placement of such improvements. We understand Mr. Keeth has removed all improvements but for the fencing and the waste material produced from the oil recovery operations.

Your failure, and that of your predecessors and assignees, to reclaim and restore the property constitutes a breach under the terms of the lease. Furthermore, we are concerned that the recent EPA regulatory changes may require treating the facility as a hazardous waste site, if benzene

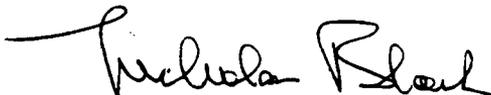
April 19, 1991

concentrations exceed certain levels. The Oil Conservation Division of Energy, Minerals and Natural Resources Department has advised that good quality groundwater exists in the area at approximately 30 feet.

Demand, therefore, is made upon you, Rio Verde Enterprises, Inc. and Verde Grande, Inc., to immediately undertake the performance of the reclamation and restoration obligations under the lease. The obligation to restore and reclaim, is unaffected by your assignment to Mr. Keeth. The waste material and soil first must be tested to determine composition and whether any hazardous substance is present. Once this phase is completed satisfactorily, a proposed reclamation plan from a qualified environmental engineering firm shall be submitted for the Commissioner's approval, after which the diligent and timely restoration and reclamation action shall be taken.

Please contact the undersigned within seven (7) days from receipt of this letter to arrange for site testing and material sampling. In the event you do not satisfactorily comply with the terms hereof, the Commissioner will take what action is necessary to protect the interests of the trust of which this land is a part, and its beneficiaries.

Sincerely,



Nicholas J. Black
Special Assistant Attorney General

NJB/lh



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

CERTIFIED

NO.49721

APRIL 19, 1991

Mr. Jess Keeth
P. O. Box 1388
Lovington, New Mexico 88260

RE: New Mexico Petroleum Co.
Oil Treatment Plant Facility
T11S, R34 E, Sec. 7, SW4SE4
BL- 1143

Dear Mr. Caudill:

As you know, by virtue of an assignment, you are the named lessee in the above-described lease which permitted certain state trust land to be used as part of an oil treatment facility. The operations of the facility ceased in 1990 and the land now must be reclaimed pursuant to the terms of the lease.

You and your predecessors have failed to perform the reclamation obligation set forth in Section 5 of the lease. This provision requires removal of all improvements and the land be returned to the condition existing prior to placement of such improvements. We understand that you have removed all improvements but for the fencing and the waste material produced from the oil recovery operations.

Your failure, and that of your predecessors, to reclaim and restore the property constitutes a breach under the terms of the lease. Furthermore, we are concerned that the recent EPA

Jess Keeth

-2-

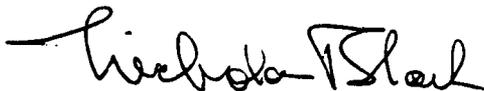
April 19, 1991

regulatory changes may require treating the facility as a hazardous waste site, if benzene concentrations exceed certain levels. The Oil Conservation Division of Energy, Minerals and Natural Resources Department has advised that good quality groundwater exists in the area at approximately 30 feet.

Demand, therefore, is made upon you to immediately undertake the performance of your reclamation and restoration obligations under the lease. The waste material and soil first must be tested to determine composition and whether any hazardous substance is present. Once this phase is completed satisfactorily, a proposed reclamation plan from a qualified environmental engineering firm shall be submitted for the Commissioner's approval, after which the diligent and timely restoration and reclamation action shall be taken.

Please contact the undersigned within seven (7) days from receipt of this letter to arrange for site testing and material sampling. In the event you do not satisfactorily comply with the terms hereof, the Commissioner will take what action is necessary to protect the interests of the trust of which this land is a part, and its beneficiaries.

Sincerely,



Nicholas J. Black
Special Assistant Attorney General

NJB/lh



JIM BACA
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

CERTIFIED

NO. 49722

APRIL 19, 1991

W. S. Davenport
P. O. Box 977
Tatum, New Mexico 88267

RE: New Mexico Petroleum Co.
Oil Treatment Plant Facility
T11S, R34 E, Sec. 7, SW4SE4
BL- 932

Dear Mr. Davenport:

As you know, you are the named lessee in the above-described lease which permitted certain state trust land to be used as part of an oil treatment facility. The operations of the facility ceased in 1990 and the land now must be reclaimed pursuant to the terms of the lease.

Mr. Jess Keeth, Roland Caudill and Michael Caudill, your successors, have failed to perform the reclamation obligation set forth in the lease. This provision requires removal of all improvements and the land be returned to the condition existing prior to placement of such improvements. We understand Mr. Keeth has removed all improvements but for the fencing and the waste material produced from the oil recovery operations.

Your failure, and that of your successors, to reclaim and restore the property constitutes a breach under the terms of the lease. Furthermore, we are concerned that the recent EPA regulatory changes may require treating the facility as a

W. S. Davenport

-2-

April 19, 1991

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Sincerely,



Nicholas J. Black
Special Assistant Attorney General

NJB/lh



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

April 4, 1990

GARREY CARRUTHERS
GOVERNOR

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

First Interstate Bank of
Lea County
P. O. Box 400
Hobbs, New Mexico 88240

Re: \$25,000 Cash Treating Plant Bond
Jess M. Keeth dba New Mexico
Petroleum Company
Bond No. OCD-022
Your Certificate of Deposit No. 02-03980057679

Gentlemen:

As we advised Emma in your office on April 3, 1990, the principal under the above-referenced cash bond, and your depositor, Jess M. Keeth dba New Mexico Petroleum Company, has apparently abandoned the treating plant facility which was covered by this bond and has notified the State Land Office, as Lessor of the lands upon which the facility was situated, that he has no money and is unable to continue operations. The Land Office has further determined that all of the hard assets, including tanks and other equipment, has been removed from this facility but that there is substantial clean-up which may be required.

Your are therefore advised pursuant to the terms of the bond and the Assignment of Cash Collateral Deposit executed by Robert C. Dunn, Jr., Vice President of your institution, that under no circumstances are the funds presented by this certificate of deposit to be released to Mr. Keeth or anyone on his behalf until further notice by the OCD. It appears quite likely that the OCD will be initiating an action to require Mr. Keeth to clean up and restore the facility or forfeiture of the bond if the OCD is required to conduct such clean-up operations.

We will keep you advised of the situation and you will receive notice of any hearing which is conducted in this regard.

We appreciate your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert G. Stovall".

ROBERT G. STOVALL,



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

June 2, 1989

TO: W. R. Humphries, Commissioner of Public Lands
Santa Fe, New Mexico

FROM: Alex B. Fraley, Land Use Specialist
Hobbs, New Mexico *Alex Fraley*

SUBJECT: Renewal of Business Lease No. BL-1143
New Mexico Petroleum Company
Assignment Received: February 17, 1989

SYNOPSIS

New Mexico Petroleum Company does not want a renewal of this lease, however a check of the lease on May 30, 1989 revealed that some of the equipment has not been removed. The lease expires May 31, 1989. I recommend the lease be renewed for 6 months to allow time for the lease to be cleaned up and returned to original or near original condition.

LEGAL DESCRIPTION

A tract of land located within the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 7, Township 11 South, Range 34 East, N.M.P.M., Lea County, New Mexico, containing 3.49 acres, more or less.

LOCATION

This lease is located approximately 15 miles northwest of Tatum, New Mexico on U.S. Highway 380 and then north on County Road C-155.

HIGHEST AND BEST USE

The highest and best use is the current business lease, however since the lessee does not want to renew, the land should eventually be returned to the grazing lease after grass has returned to normal condition. I see no potential for another business lease at this time.

ESTIMATE OF VALUE

Surface value as rangeland is estimated at \$50.00 to \$75.00 per acre.

IMPROVEMENTS

All improvements have been removed except 4-500 bbl. tanks and 2-1,000 bbl. tanks. These tanks should be removed within the next two weeks.

The open settling pit is still in place and contains oil as shown in photo.

REMARKS

Mr. Keeth is currently removing the improvements. He told me he had contacted the Oil Conservation Division about where to haul the oil from the settling pit and the O.C.D. had told him there was no place in Lea County at this time that would accept the oil for disposal. He does not know what to do with the pit.

He said the 6 remaining tanks should be moved out within a week to 10 days.

The fence around the lease site will be left in place until it is decided what to do with the oil.

ABF:bw

Enclosures



NEW MEXICO STATE LAND OFFICE
ASSIGNMENT OF STATE BUSINESS LEASE

RECORDS
J.S.
2-17-87
2/18/87

KNOW ALL MEN BY THESE PRESENTS:
Roland Caudill d/b/a

That New Mexico Petroleum Company, hereinafter called the assignor for and in

consideration of the sum of Ten & 00/100 Dollars

(State exact amount; if other than money, specify)
in hand paid, the receipt of which is hereby acknowledged, does hereby sell, assign,

transfer and set over unto Jess Keeth, hereinafter called the assignee,

that certain Business lease made and executed by the State of New Mexico,

through its Commissioner of Public Lands as Lessor, unto New Mexico Petroleum Company

as lessee bearing the date June 1, 1984, being designated as Business Lease

No. BL-1143, and more particularly described as follows:

A tract of land located within the SW 1/4 SE 1/4 of Section 7, Township 11 South,
Range 34 East, N.M.P.M., Lea County, New Mexico, Containing 3.49 acres,
more or less.

The Assignee agrees to assume all obligations of the Assignor to the State of New
Mexico insofar as said described lands are concerned and to pay such rentals and to
perform such acts as are required by said lease, to the same extent and in the same
manner as if the terms and provisions of said lease were fully set out herein. It is
further agreed that the Assignee shall succeed to all rights, benefits and privileges
granted the Lessee by the terms of said lease.

The Assignor further states and affirms that the consideration recited above is the
true and sole consideration paid or promised for the purchase of the improvements on the
lands hereinabove described and for the execution of this assignment. It is further
understood and agreed that in case it is found that the consideration recited above is
not the true and sole consideration or that a false statement has been made in the pro-
curement and approval of this assignment, the master lease or the portion thereof sought
to be assigned, shall be subject to cancellation at the option of the Commissioner of
Public Lands.

IN WITNESS WHEREOF, the Assignor has hereunto executed this assignment this 15th
day of January, 19 87.

Roland Caudill
ROLAND CAUDILL, Assignor d/b/a New Mexico Petroleum Company

SUBSCRIBED AND SWORN TO BEFORE ME THIS 15th DAY OF January, 19 87.

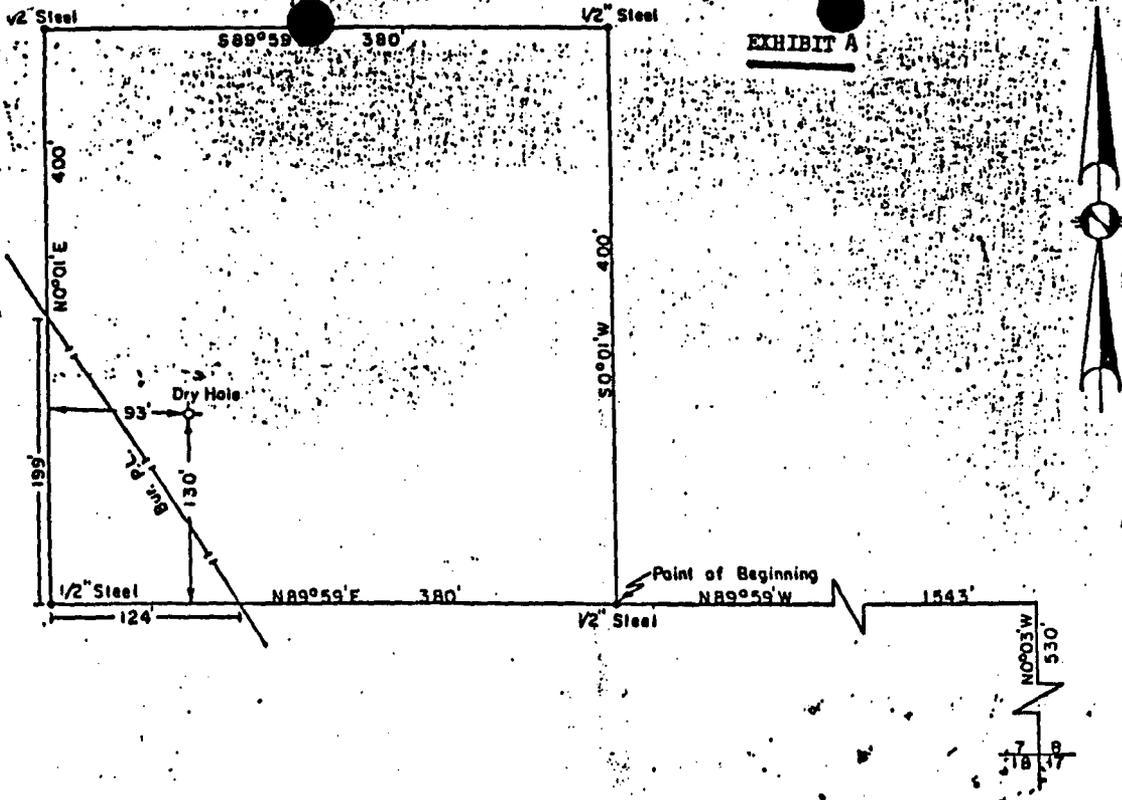
My Commission expires:
October 31, 1987

Jeri Newcomb
Notary Public

APPROVED THIS 27th DAY OF January, 1987.

W.R. Humphries
COMMISSIONER OF PUBLIC LANDS

FEE - \$30.00 NMSLO 000 *****30.00 UAL JAN20/87 R



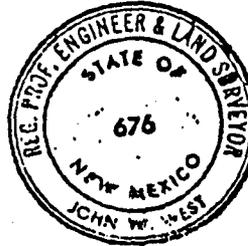
LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN THE SW 1/4 SEC OF SECTION 7, TOWNSHIP 11 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT N0°03'W 530 FEET AND N89°59'W 1543 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 7, THENCE N89°59'E 380 FEET, THENCE N0°01'E 400 FEET, THENCE S89°59'E 380 FEET, THENCE S0°01'W 400 FEET TO THE POINT OF BEGINNING, CONTAINING 3.49 ACRES, MORE OR LESS.

RECEIVED
 JAN 25 8 55 AM '77
 STATE LAND OFFICE
 SANTA FE, N. M.

John W. West
 JOHN W. WEST
 CONSULTING ENGINEERS
 HOBBS, NEW MEXICO



I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

John W. West
 JOHN W. WEST, N.M. P.E. & L.S. NO. 676
 TEXAS R.R.S. NO. 1158

NEW MEXICO PETROLEUM CO.	
TRACT FOR STATE BUSINESS LEASE LOCATED IN THE SW 1/4 SEC OF SECTION 7, TOWNSHIP 11 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO	
JOHN W. WEST ENGINEERING COMPANY CONSULTING ENGINEERS HOBBS, NEW MEXICO	
Scale	1"=100'
Date	JUNE 22, 1970
Drawn by	M.C.T.
Sheet 1 of 1 Sheets	

E

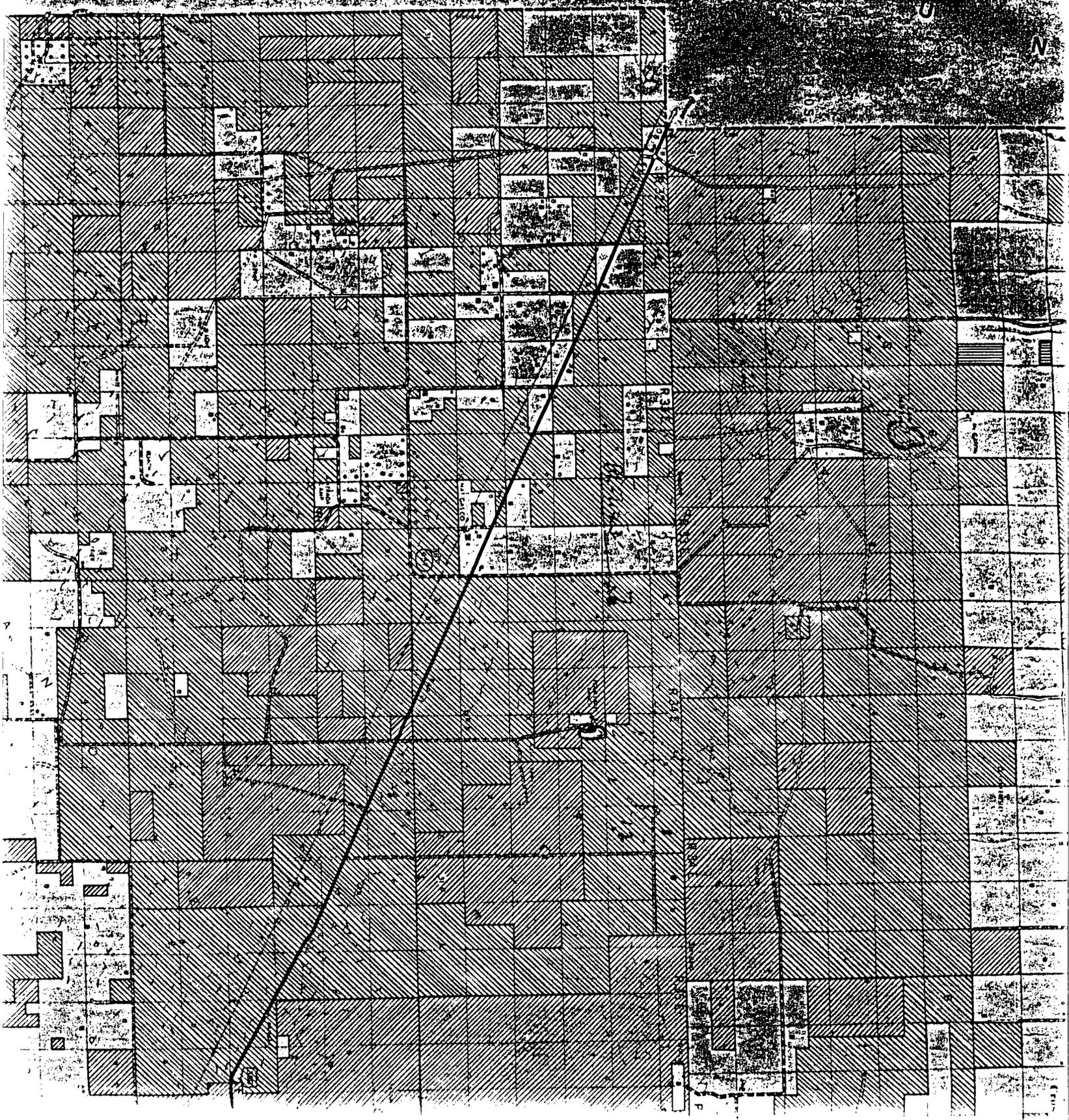
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RECEIVED

JUN 7 11 12 AM '89

FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C.

W.A.



BL-1143





BL-1143



6/21/89 Notes of Boyer

NM Pac. Co.
M. & Helene Treacher Plant
SW 56 Sect, N5, 34E

Jess Keith Operator
State Land
PO 1388 Livingston
Closures & Reclamation

- big new 4' deep pit ^{trunk} ~~wood~~
- More BS into it, cement
with plaster, & soil.

- Dig pit for solids -
Tank insulation
Metal pieces, drums,
trash, pipe, etc.
and cords.

- Reclamation and
remove berms.

- Remove ~~and~~ label?

- water well 1/4 mile North

State # 67051
1830 East

Simco # 11/34
Lugger 7/11/34

DAVIS Gas Processing
Cooling Tank Water Blowdown
89062/1603. pH = 7
sp. conc. 1750 @ 41°

NOG only.

89062/1616. Deep Waste, well
(East well) pH = 7
1750 @ 24°

NOG only
(Sample empty tap by well
empty, but ^{part of} well)

Laguna Tank -
89062/1743

Sample of tank for 89062/1743
pH: dissolved with
drawings of water to

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

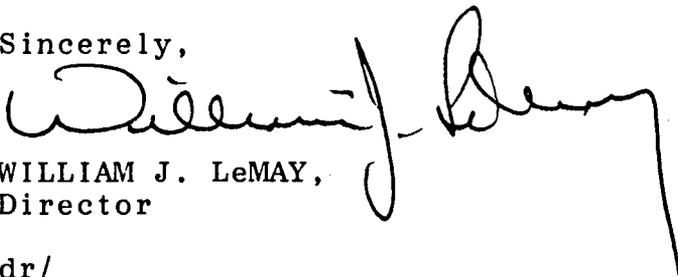
Mr. Robert L. Love
Attorney
P. O. Box 1099
Hobbs, New Mexico 88240

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

ROBERT L. LOVE

ATTORNEY AT LAW

P. O. BOX 1099

HOBBS, NEW MEXICO 88240

PHONE

461

ROBERT L. LOVE, J.D., LL.M.

January 16, 1987

*Mike, we are sending
this Personal & Con-
fidential in the hope
it will get directly to
you intact. Jerry*

Personal and Confidential

Mr. Mike Stegner, Hearing Officer
New Mexico Oil Conservation Division
Energy & Minerals Department
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Jess M. Keeth d/b/a New Mexico Petroleum Company

Dear Mike:

Enclosed with this letter, please find the following:

1. Assignment of Cash Collateral Deposit
2. \$25,000.00 Cash Treating Plant Bond
3. Letter from First Interstate Bank of Lea County
4. Assignment of State Business Lease, together with \$30.00 Filing Fee.

It is my understanding that upon receipt of items 1, 2, and 3 above, the transfer of ownership can be completed.

Upon completion of this transfer and execution of the transfer by your department, I would appreciate very much your taking the Assignment of State Business Lease, together with the filing fee, to the appropriate office on the 1st Floor of the State Land Office. The State Business Lease Department is located in the southwest corner of the 1st Floor.

I appreciate very much the assistance and cooperation of your department in this matter.

Yours truly,

Bob Love

Robert L. Love

RLL/tn

Enclosure

*Agreement
to 17
Jan 20, 1987*

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.

Jess M. Keeth
PRINCIPAL
Postal 1388
Mailing Address

Louigan N. M. 188260

By _____
Signature Title

By _____

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

(Note: Corporate surety affix corporate
seal here.)

ACKNOWLEDGMENT 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 ~~named~~ 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 _____

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 Companyan individual
~~(Partnership) (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 ~~XXXXX~~ (South), Range 34 (East) ~~XXXXX~~, 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.

FRANCIS M. L...

Postal 1388
Mailing Address

Louigler NMA 88560

By _____
Signature Title

By _____

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

(Note: Corporate surety affix corporate seal here.)



First Interstate Bank
of Lea County
New Mexico Bank Office
P.O. Box 400
Hobbs, New Mexico 88240
505 397-4511

January 15, 1987

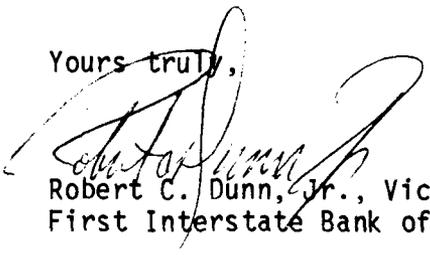
Mr. Mike Stegner, Hearing Officer
New Mexico Oil Conservation Division
Energy & Minerals Department
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Jess M. Keeth d/b/a New Mexico Petroleum Company

Dear Mr. Stegner:

This letter is notification that the Cash Treating Plant Bond executed on the 2nd day of January, 1987, correctly reflects Jess M. Keeth d/b/a New Mexico Petroleum Company as the "owner" therein referred to.

Yours truly,



Robert C. Dunn, Jr., Vice President
First Interstate Bank of Lea County

RCD/tn

00D-022

Adopted 9-1-86

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

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.

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. Lytle 1/9/87
Acting Director

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



GARREY CARPENTERS
GOVERNOR

January 6, 1987

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

Mr. Jess M. Keeth
P. C. Box 1388
Lovington, New Mexico 88260

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

Dear Mr. Keeth:

The Oil Conservation Division hereby approves the above-captioned treating plant bond effective January 5, 1987.

Sincerely,


CHARLES E. ROYBAL,
Acting Director

dr/

cc: Oil Conservation Division
Hobbs, New Mexico

ROBERT L. LOVE

ATTORNEY AT LAW

P. O. BOX 1099

HOBBS, NEW MEXICO 88240

OK
9/10
1-1-87

PHONE
(505) 397-7461

ROBERT L. LOVE, J.D., LL.M.

January 2, 1987

Personal and Confidential:

Mr. Jeff Taylor
Oil Conservation Division
Energy & Minerals Department
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

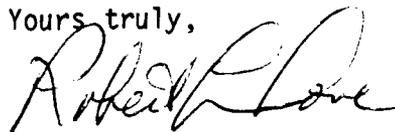
Re: New Mexico Petroleum Co.
Transfer of Ownership

Dear Mr. Taylor:

Enclosed please find the Assignment of Cash Collateral Deposit and Cash Treating Plant Bond fully executed on both sides on behalf of Mr. Jess M. Keeth, the Purchaser, and First Interstate Bank of Lea County, Lovington, New Mexico.

I look forward to meeting you on Wednesday at the hearing.

Yours truly,



Robert L. Love

RLL/tn

Enclosure: as stated.

10/10/78

New Mexico Petro. Co.
Middlelane Treater Plant
(O) SW/4 SE/4 7-11-34
N

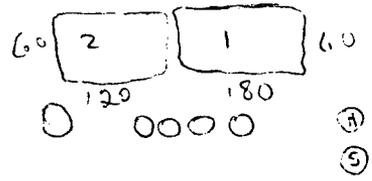
⊗ WW
1/4 mile

Pit (A) 2ft deep, 4ft dia BS+oil
caliche bottom

Pit (B) 3ft deep, 4ft dia with
oil BS+oil.
caliche bottom

1/4 mile

W



10/31/78
1/31/79

- (1) Pits are caliche
- (2) 2 pits 60 x 180
60 x 120
- (3) BS+oil tank bottom
- (4) Unit 0 7-11-34
- (5) CTO construction have
purchased this facility.
Tatum W. Ill.

S

CHARLES
WHITED

C & O SERVICES, INC.

ORVILLE
WHITED

New Mexico Petroleum
(Subsidiary of C+O Serv.)

Middle Lane Heating Plant

SW $\frac{1}{4}$ /SE $\frac{1}{4}$ - S-7 - T-11-S - R-34-E

OK
Has Been
Revised

C & O SERVICES, INC.

TATUM

PHONE (505) 398-8355

NEW
MEXICO

