

CASE No.

4990

Application,

Transcripts,

Small Exhibits

ETC.

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June 20, 1973

The hearing called by the Oil Conservation Commission of New Mexico upon its own motion to consider the application of Thriftway Company, operator of a petroleum refinery in Bloomfield, New Mexico, for certification to the Commissioner of Public Lands as a small business enterprise within the state not having an adequate supply of charge stocks and eligible to be granted a preference, pursuant to Chapter 34, New Mexico Laws of 1967, for the purchase of state royalty oil.

BEFORE:

Ralph Trujillo,
Member

TRANSCRIPT OF HEARING

1 MR. PORTER: The hearing will come to order, please.
2 Before we get to the matters on the docket, I would like
3 to introduce a new member of the Commission, appointed May
4 1st to serve in place of the Governor.

5 He is the only member of the Commission who has
6 the authority to appoint someone to serve in his stead.
7 It is contemplated that this will not be on a one-shot basis,
8 but for the duration of the Governor's term.

9 Ralph comes to us, of course, fully qualified to
10 serve as a member of the Commission. In fact, I don't know
11 of anybody else who would be better qualified. He served
12 with the Oil Conservation Commission in an administrative
13 position for some twenty-two years. He also had a few years,
14 at the beginning and at the end of his tenure, with the
15 State Land Office, so he is also familiar with the operations
16 of that office.

17 Ralph, we are certainly happy to have you with us
18 this morning, and we will recognize anything you would like
19 to say or not say, as you choose.

20 MR. TRUJILLO: Since I was afforded the opportunity
21 of choosing whether I had words to say or whether I chose
22 not to say anything, I believe I won't say anything. I
23 know most of the people in the oil and gas industry that
24 have been attending these hearings these good many years,
25 so we hope that we can be of some service to the people of

1 New Mexico, to the Governor, and to the oil and gas industry.
2 Thank you.

3 MR. PORTER: Mr. Armijo asked me to claim his
4 absence, particularly from the first application on the
5 docket. Commissioner Armijo asked me to explain his absence
6 with particular reference to Case 4990, because in that
7 case, both the Oil Conservation Commission and the Land
8 Commission have a role, and of course, the Land Commissioner
9 is a member of our Commission.

10 This is one of those jobs that the Commission
11 didn't ask for in the first place, because we felt it was
12 wholly a Land Commission matter, because it dealt with
13 state royalty oil, but the Legislature ruled otherwise, and
14 so we are involved.

15 We have never had a hearing on this particular
16 subject before. The Commission has only certified one
17 refinery for royalty oil, and at that time, we advertised
18 the matter in the paper, and allowed some ten or fifteen
19 days for objections to be filed. Since there were none,
20 and the Commission was satisfied with the efforts made to
21 obtain oil, we went ahead and certified the application
22 to the Land Office for royalty oil.

23 Now, since we have not had a case for hearing
24 before, and the reason we are having the hearing this
25 morning, is that we followed exactly the same procedure

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1 in the application of Thriftway, and we did have objection,
2 so the matter was advertised for hearing, and here we are.

3 Since we have not had a hearing on this, I would
4 like to make a few comments concerning the matters that the
5 Commission will consider this morning.

6 This is a summary of the Oil Conservation Commission
7 statutory authority in determining eligibility for preference
8 in the purchase of royalty oil, requirements described in
9 New Mexico Statute 7-11-61. Application for preference
10 in sale of royalty oil, requirements:

11 A petroleum refinery within the state unable to
12 purchase in the open market at prevailing prices an adequate
13 supply of refinery charge stocks of a quality to meet the
14 needs of its existing petroleum refinery capacity may file
15 an application and supporting documents with the Oil
16 Conservation Commission. Such application shall be filed
17 in triplicate and must be accompanied by a detailed statement
18 containing the following information:

- 19 1. full name and address of applicant,
- 20 2. location of refinery,
- 21 3. complete disclosure of applicant's affiliation or
22 association with any other petroleum refiner,
- 23 4. reason applicant believes that it is entitled to the
24 preference,
- 25 5. a full showing of efforts made to purchase refinery

- 1 charge stocks in open market,
- 2 6. capacity of refinery to be supplied and amount required,
- 3 7. source and grade of all refinery charge stocks currently
- 4 available to applicant by purchase,
- 5 8. minimum amount and grade of additional refinery charge
- 6 stocks needed to meet existing refinery commitments
- 7 or existing refinery capacity,
- 8 9. fields applicants believe offer a potential source of
- 9 refinery charge stocks supply because of proximity to
- 10 its refinery,
- 11 10. the available transportation facilities which the
- 12 refiner proposes to utilize.

13 The Commission is charged with the responsibility
14 of determining if the application is adequate and satisfactory.
15 When the Commission is satisfied that the applicant is
16 qualified for the preference within the intent of the law,
17 it shall notify the Commissioner of Public Lands in writing
18 that the applicant is eligible to be granted a preference
19 under this act.

20 Now, the hearing will be conducted within these
21 guidelines that have been outlined here by our attorney,
22 who has made a research of the law.

23 Incidentally-- off the record.

24 (Whereupon an off the record discussion was held.)

25 (Hearing continues.)

1 MR. PORTER: First, I would like to ask for
2 appearances in Case 4990.

3 MR. GRAHAM: Members of the Commission, my name
4 is Robert Graham, attorney from Farmington, New Mexico,
5 and I represent the Applicant in this matter, Thriftway
6 Company.

7 Mr. Porter, may I ask you what you mean by
8 appearances? Do you mean the witnesses who will appear?

9 MR. PORTER: No, just the name of the firm, and
10 the name of the attorneys representing that firm.

11 MR. GRAHAM: Very well.

12 MR. PORTER: Are there other appearances?

13 MR. COHEN: Yes, Mr. Porter. Saul Cohen, of
14 Olmsted and Cohen, Santa Fe, appearing on behalf of the
15 Objector, Famariss Oil Corporation.

16 MR. COOLEY: William Cooley, of the firm of
17 Burr and Cooley, Farmington, appearing on behalf of Plateau
18 Inc. Our position in this case is that we neither support
19 nor protest the application, but due to certain state
20 reports that are available to us, we feel that there is
21 a discrepancy with respect to certain representations of
22 the Applicant, and those reports deal with the actual
23 capacity and charge stocks as they have taken place
24 historically in the past.

25 Secondly, with respect to state royalty oil.

1 If there be any available, I am sure this Commission is
2 well aware that Plateau Inc., like the Applicant here, is
3 also an independent refiner within the State of New Mexico,
4 and likewise qualifies for a preference.

5 And if there be less than sufficient royalty oil
6 to supply all the needs of all the independent refiners,
7 we take the position that although the statute is silent
8 on the matter, that it is incumbent to prorate that which
9 is available among the various independent refiners in
10 proportion to their respective charge stocks.

11 MR. COHEN: Before we get into the question of
12 whether or not the application is meritorious, we will have
13 an objection going toward the question of whether or not
14 the hearing should be held today.

15 MR. PORTER: At this time, I would like all of
16 the witnesses to stand and be sworn.

17 MR. CARR: The Oil Commission may have a witness
18 they would like to put on later in the proceeding.

19 (Whereupon the witnesses were sworn en masse by
20 Mr. Porter.)

21 MR. PORTER: Mr. Cohen, since you have raised
22 the issue as to whether or not the hearing should go on
23 this morning, perhaps you should come forward and make
24 your argument.

25 MR. COHEN: Thank you, Mr. Porter. Please let

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20 Mr. Porter.)

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22 the issue as to whether or not the hearing should go on
23 this morning, perhaps you should come forward and make
24 your argument.

25 MR. COHEN: Thank you, Mr. Porter. Please let

1 me know if you can't hear me up there.

2 We feel that this matter should not be heard by
3 the Commission at this time, simply because the raw material
4 upon which the Commission must base its decision, and upon
5 which other interested parties must determine what course
6 of action they are going to take is not before the Commission.

7 I have reference to the refiners monthly reports
8 which refiners are required to file. I realize it's a
9 matter of administrative convenience, and that generally
10 these reports are not closely perused when they are filed--

11 MR. PORTER: They have been lately.

12 MR. COHEN: Thank you. --As a result of that fact,
13 the Applicant here has been sorely delinquent in the
14 reports it has filed without any question but that they
15 were incomplete, and that they were inconsistent. So as
16 a result of our protest, it is my understanding that
17 revised reports have now been filed with the Commission.
18 The problem is that those revised reports are inconsistent,
19 they are inconsistent with themselves. That is, they have
20 internal inconsistencies. The revised reports are
21 inconsistent with the original reports previously filed
22 with the Commission, and the revised reports are inconsistent
23 with information given to other agencies, Federal agencies
24 for example.

25 I don't purport to take the Commission's time

1 in going over the details of each refinery report filed,
2 but I would like to call to the Commission's attention
3 just some examples of the kind of thing I am referring to.

4 If you look at the October, 1972 report under
5 Items Distilled, it's zero. Yet if you add the other
6 figures in the horizontal column and do these necessary
7 additions and subtractions, you come out with a figure of
8 some 23,210 barrels.

9 If you look at the vertical column, you come out
10 with a figure of 20,108 barrels.

11 So that one report has within itself three
12 separate figures purported to answer one question. That
13 is an improper report, and is not a report upon which any
14 intelligent action can be taken by the Committee.

15 In addition to these internal inconsistencies
16 within the reports themselves, you also have conflicts and
17 inconsistencies between the original reports and the
18 revised reports which were filed at the request of the
19 Commission. Again, I will mention just a couple of examples.

20 If you look at the December original report,
21 End of Month Inventory, that seems like a fairly simple
22 figure, 4,161 barrels. In the revised report, the End of
23 Month Inventory was 2,771 barrels.

24 Which report is correct? Or is either figure
25 correct?

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1 The January report shows an End of Month Inventory
2 of 5,059 barrels, and if you look at the revised report,
3 the figure has been changed to 4,178 barrels.

4 Which is the correct figure?

5 You can go on to the February and March reports,
6 and again, you not only have internal inconsistencies within
7 the reports, but you again have inconsistencies between
8 the original reports filed and the revised reports filed.

9 If you look then at the third category in between
10 the original reports and the revised reports, you will
11 come to reports submitted to other governmental agencies.
12 Just one example is the April, 1972 report, which says that
13 input is 17,811 barrels, but in the report to the Department
14 of Interior, in March of this year, they said that April
15 input is 30,000 barrels, a discrepancy of some 13,000 barrels.

16 I would like also to point out that no revised
17 forms C-112s were filed by the Applicant with the revised
18 refinery report. So the Commission has the unfortunate
19 situation of having had filed with it reports which are
20 internally inconsistent, which are inconsistent with each
21 other, and which are inconsistent with other reports
22 submitted to governmental agencies.

23 I submit that this Commission cannot and should
24 not proceed with the hearing in this matter until proper
25 reports have been filed in compliance with the law, and

1 until all of the discrepancies and conflicts have been
2 explained, and some accurate information is before the
3 Commission, and before all of the other interested parties.

4 Thank you.

5 MR. PORTER: Mr. Graham?

6 MR. GRAHAM: Mr. Commissioner, on behalf of
7 Thriftway, we certainly oppose Mr. Cohen's motion to
8 postpone the hearing. It has been published, and we have
9 gone to great expense to get witnesses here, to come here
10 ourselves.

11 The matter in issue are those amounts of actual
12 charge stocks run through the refinery which are available
13 at the current time in accordance with the docket of the
14 regular hearing which was issued in this case, and which
15 states that the Commission will consider the capacity of
16 the refinery, the source and grade of all refinery charge
17 stocks currently available to the Applicant.

18 Now, as to these reports which Mr. Cohen referred
19 to, we will readily admit that perhaps in 1972, Thriftway
20 Company did have some difficulty in filling out the state
21 reports. Thereafter, with the assistance of the O.C.C.,
22 it has attempted to file revised reports for 1972, and to
23 the best of its knowledge and belief, those reports have
24 been substantially accurate in all respects.

25 I believe the Commission should proceed with

1 the hearing today, rather than postponing it to a later
2 date on this basis.

3 (Whereupon the Commission conferred with its
4 counsel.)

5 MR. PORTER: The Commission will overrule the
6 objection, and proceed with the hearing. Mainly the basic
7 point of the hearing is what the capacity is for the
8 refinery, and whether or not they have been able to obtain
9 sufficient stock-- sufficient oil to operate the refinery
10 to capacity. So we will proceed with the testimony.

11 Mr. Graham, would you like to call your first
12 witness?

13 MR. COHEN: May we take our seats at the front
14 so we can hear the witnesses?

15 MR. PORTER: Surely.

16 MR. GRAHAM: The first witness we call will be
17 Mr. Jack Redd.

18 * * * *

19 JOHN P. REDD,
20 was called as a witness, and having been already duly sworn
21 according to law, testified as follows:

22 DIRECT EXAMINATION

23 BY MR. GRAHAM:

24 Q Mr. Redd, for the record, would you state your name,
25 please?

- 1 A John P. Redd is the proper terminology.
- 2 Q Mr. Redd, where do you reside?
- 3 A Salt Lake City, Utah.
- 4 Q And by what firm are you employed?
- 5 A I am employed by Redd and Redd Consulting Engineers.
- 6 Q Mr. Redd, what type of education do you have?
- 7 A I have a bachelor of science degree in chemical
- 8 engineering.
- 9 Q Where did you obtain that degree, and when?
- 10 A From the University of Utah in 1959.
- 11 Q Would you briefly outline your work experience for
- 12 the Commission?
- 13 A I was employed by Standard Oil of California in their
- 14 process design division, and later became their chief
- 15 engineer in that division. After that, I went into
- 16 business as a partner in Redd and Redd Consulting
- 17 Engineers.
- 18 Q And this has all been since your graduation from
- 19 college in 1959 as an engineer?
- 20 A Yes.
- 21 Q How long have you been in private practice as a
- 22 professional engineer?
- 23 A About eleven years.
- 24 Q And may I ask how many states you are licensed in to
- 25 practice engineering?

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- 1 A Eleven.
- 2 Q Does this include New Mexico?
- 3 A Yes, it does.
- 4 Q Mr. Redd, is your practice limited to any particular
- 5 phase of professional engineering?
- 6 A My personal practice, not the firm's practice, has been
- 7 quite closely aligned with the petroleum processing
- 8 industry.
- 9 Q Are you commonly, in the ordinary course of your work,
- 10 engaged in petroleum refinery process design?
- 11 A Yes.
- 12 Q And have you been in this field basically since you
- 13 graduated from school in 1959?
- 14 A Yes.
- 15 Q Now, have you had occasion to make on-the-site examination
- 16 of Thriftway Company's refinery located near Bloomfield,
- 17 New Mexico?
- 18 A Yes. I was invited down in the middle part of March
- 19 of this year.
- 20 Q About when?
- 21 A In the middle of March.
- 22 Q About the middle of March?
- 23 A Yes.
- 24 Q Did you make an engineering study of that refinery?
- 25 A Yes, we did.

1 Q Now, according to your study, did you make any
2 calculations concerning the capacity of that refinery?

3 A Yes, we did.

4 Q Will you tell the Commission in your own words what
5 your study of the capacity of this refinery revealed?

6 A Based on existing equipment, the refinery at seventy-two
7 degrees A.P.I. will flow 2,779 barrels a day.

8 Q Does this apply to any particular grade or A.P.I.
9 gravity of hydrocarbons?

10 A Yes. That's with input of about 650 degrees, ninety-four
11 percent with an inpoint of 400 degrees or less.

12 Q Do you recall approximately what A.P.I. gravity this
13 would be equal to?

14 A About seventy, seventy-one, seventy-two.

15 Q Then it's your testimony that the plant, at the time
16 you examined it in March, in the middle of March,
17 was capable of handling 2,779 barrels per day liquid
18 hydrocarbons at approximately seventy-two degrees
19 A.P.I. of gravity?

20 A Yes.

21 Q Did you make any study, Mr. Redd, as to what the
22 capacity of that refinery would be were it handling
23 what I will call a heavier grade of liquid hydrocarbon?

24 A Yes, we did.

25 Q And do you recall what your figures were on the

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1 capacity of the refinery with, say, approximately
2 forty gravity crude?
3 A Yes. Assuming the forty gravity crude is fifty-five
4 to sixty-five percent, 400 degree inpoint, you can
5 actually put in the neighborhood of 4,000 barrels a
6 day through.
7 Q Four thousand barrels per day?
8 A Yes, sir.
9 Q Now, these figures you have been quoting, Mr. Redd,
10 you stated previously you had substantial experience
11 in petroleum process design. Are these designed
12 capacities?
13 A Yes, they are designed capacities based on superficial
14 power velocity, bubble cap spacing, and so on.
15 Q In your experience, do refineries ever exceed their
16 designed capacity?
17 A In our experience, yes.
18 Q Do they frequently do this?
19 A I can only speak for the refineries which I am familiar,
20 and frequently with the ones I am familiar with, they
21 exceed their design capacity. As an example, we did
22 a process study for a major oil company located in
23 Roosevelt, Utah, and this refinery was putting nine
24 to ten thousand barrels a day through their column
25 on a consistent day-in and day-out basis. This was

1 not a short time thing.

2 Q Now, did you make any study on this Thriftway refinery
3 as to the heating capacity?

4 A Yes, we did.

5 Q Did you find the heating capacity to be greatly in
6 excess of the tower vessel capacity?

7 A Yes. To run the design light stock, we found about
8 three times the heating capacity there, you know, three
9 times more than was actually required. There were
10 four heaters available.

11 Q Then the essence of your testimony is the absolute
12 minimum capacity of this Thriftway plant using
13 approximately seventy to seventy-two gravity liquid
14 hydrocarbons would be 2,779 barrels a day?

15 A Yes.

16 Q And as the A.P.I. gravity was reduced, the plant's
17 capacity would increase, so that at approximately
18 forty A.P.I. gravity liquid hydrocarbon capacity would
19 be around 4,000 barrels a day?

20 A Yes.

21 MR. GRAHAM: I believe that's all the questions
22 I have. Your witness.

23 MR. PORTER: Mr. Cohen?

24 * * * *

25

CROSS EXAMINATION

BY MR. COHEN:

Q Mr. Redd, do you recall sending a telegram to Thriftway concerning their capacity?

A Yes.

Q Do you remember what figure you gave as their refinery capacity in that telegram?

A Yes. I said, as I recall, that after the on-the-site investigation, and after looking at the heat exchanges, the pipe, the pumps, that the refinery will flow a minimum of 2,000 barrels a day.

Q Can you explain the discrepancy between that figure of 2,000 and the figure you have given today of 2,779?

A Yes. The figure today was arrived at after a month's time in an engineering office calculating the heat exchange, the surface area required, the heating capacity in the furnaces required, the column capacities based upon the bubble caps, the pipe sizings, and other detailed engineering studies.

Q I take it that it is a rather complicated process to determine refinery capacity?

A Yes. I tell all my clients that.

Q The more complicated, the lower the fee, isn't that right?

How much time did you spend out at the Bloomfield

1 refinery when you made the on-the-site inspection in
2 March?

3 A I spent two days.

4 Q The figures that you have testified to today, I take
5 it that they are then theoretical figures, and not
6 based on any working familiarity with the operations
7 on a day-to-day basis of the refinery?

8 A That's right.

9 Q Do you happen to know what in fact the through-put
10 of the refinery has been during any month of this year?

11 A I was told by one of the gentleman at the table that
12 they ran about sixty thousand barrels through in the
13 month of April. Now, this may conflict with some of
14 the reports, I don't know, and this might be
15 considered hearsay evidence.

16 Q Do you remember who told you that?

17 A I believe it was Mr. Clayton.

18 MR. PORTER: Mr. Graham, do you have a witness
19 who will testify on that point?

20 MR. CLAYTON: Approximately 60,000 barrels--

21 MR. PORTER: Do you have a witness who will testify
22 to that point later?

23 MR. GRAHAM: Yes, Mr. Porter. We have figures
24 which we believe to be substantially accurate for the
25 months of May, April, and March.

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1 MR. PORTER: You can put that information in when
2 you have your witness on the stand. Actually, the Commission
3 is not interested in what somebody told this witness the
4 capacity was, and that's why I asked if you would develop
5 that later.

6 MR. GRAHAM: Yes.

7 Q (By Mr. Cohen) Mr. Redd, I'm not an engineer, and I
8 am not terribly familiar with the oil or gas business.
9 So if I ask you any questions that seem to be foolish
10 or don't make sense, I hope you bear with me, and try
11 to educate me.

12 In connection with what they do refine, the reports
13 they have submitted indicate a category of crude oil,
14 and there's also a category of casinghead gasoline.
15 They refer to casinghead gasoline in some of their
16 reports, and they refer to natural gasoline in others.
17 Are those two products the same?

18 A In my opinion, yes. There may be a minor distinction,
19 but ordinarily, they are pretty much the same.

20 Q Now, in calculating the through-put of the refinery,
21 and just answer if you would things that you know of
22 your own knowledge, do you know whether the 60,000
23 barrels that were referred to were crude oil or did
24 that include casinghead gas or some other product?

25 A I wasn't privy to that information.

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- 1 Q You mentioned that there were four heaters on the
- 2 premises when you examined them. Were they all in
- 3 operation?
- 4 A No. Three of them were in operation.
- 5 Q Three were in operation?
- 6 A Yes.
- 7 Q In making your calculations, did you include the fourth
- 8 heater?
- 9 A No. The three will carry the flows indicated.
- 10 Q Are there other parts of the refinery plant which were
- 11 not in operation at the time that you examined the
- 12 premises?
- 13 A Not to my knowledge. They had a lead plant, and I
- 14 don't know whether it was operating or not.
- 15 Q Didn't they have several towers, two or three towers?
- 16 A Yes, they have two towers.
- 17 Q Were they both in operation?
- 18 A Yes, sir.
- 19 Q Did you examine their condition?
- 20 A Externally.
- 21 Q You did not make an internal examination?
- 22 A No.
- 23 Q And both of those towers were operating at the time
- 24 you examined the plant?
- 25 A Yes.

- 1 Q Do you know what production was, what they were
2 producing, at that time?
- 3 A Motor fuel primarily.
- 4 Q Had you ever examined the refinery prior to your visit
5 in March of this year?
- 6 A No.
- 7 Q Has the Applicant called upon you for assistance in
8 connection with obtaining refinery charge stock?
- 9 A No, he has called upon me to come down and look at the
10 refinery to see what could be done to, you know,
11 economize the thing.
- 12 Q Were you aware that a statement had been filed by your
13 client to the effect that the refinery's capacity was
14 1,200 barrels per day?
- 15 A No, I wasn't aware of that.
- 16 Q At the time you examined the refinery, did it have
17 any new equipment?
- 18 A I couldn't say really about new equipment. It was
19 operating, and looked like it had been in use for a
20 while.
- 21 Q By new, I mean new to this refinery. I don't
22 necessarily mean newly manufactured. You did not make
23 a determination whether any facility had been recently
24 added to the refinery?
- 25 A No, I didn't inquire.

1 Q Apart from the calculations which you made back in
2 your office based on pipe sizes and whatever, were
3 you able to make any on-site determination as to what
4 the actual day-to-day output of the refinery was during
5 the period that you were there?

6 A I looked at a couple of daily processing things, that
7 was all.

8 Q Do you recall what the figures were?

9 A Well, I don't know. This would be from memory, but
10 I think around 1,700 barrels a day. But like I said,
11 I'm not sure.

12 Q Was this some kind of internal report they made for
13 their own purposes?

14 A Yes.

15 Q Was there any way you could tell when the 1,700 barrels--
16 is there any way you could tell whether that was run
17 at full capacity or not?

18 A Judging from pressure drops through the system. I could
19 pretty well say it wasn't running to full capacity.

20 MR. COHEN: I have nothing further.

21 MR. PORTER: Does anyone else have any questions
22 of the witness?

23 (No response)

24 * * * *

25

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CROSS EXAMINATION

BY MR. PORTER:

Q On that capacity of 2,779 barrels per day, would that make any difference whether it was casinghead or whether it was crude oil?

A Yes, it makes a difference.

Q In other words, would you refine more of the casinghead-- would the capacity be greater for casinghead gasoline than it would for crude oil?

A If the crude oil was a heavy crude oil, it would refine more of the heavy.

MR. PORTER: Does anyone else have any questions of the witness?

* * * *

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Redd, I think you left one point uncovered. You mentioned that this refinery in Utah was running 9,000 barrels per day, but you didn't say what the calculated capacity of the column was.

A I haven't calculated the theoretical capacity.

Q Or the designed capacity?

A I am not familiar with it, but I could give you the figure if I were given the charge stock.

Q You indicated that it was running 9,000 barrels a day

1 above the designed capacity, and I was wondering--
2 A Historically a three-foot column would process from
3 800 to 1,000 barrels a day. This is net overhead, and
4 at 10,000 barrels a day, it was doing two and a half
5 times this.

6 Q Thank you.

7 MR. PORTER: Are there any other questions of the
8 witness?

9 (No response)

10 MR. PORTER: The witness may be excused.

11 (Witness excused.)

12 MR. PORTER: Call your next witness, Mr. Graham.

13 MR. GRAHAM: Jerry Clayton.

14 * * * *

15 JERRY CLAYTON,

16 was called as a witness, and having been already duly sworn,
17 testified as follows:

18 DIRECT EXAMINATION

19 BY MR. GRAHAM:

20 Q Would you state your name, please?

21 A Jerry Clayton.

22 Q What position do you hold with Thriftway, Mr. Clayton?

23 A I am President and owner.

24 Q How long has this refinery been in operation?

25 A Since approximately November of 1971.

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- 1 Q And it is located near Bloomfield, New Mexico?
- 2 A Yes.
- 3 Q And what is the address of the refinery?
- 4 A It's three miles southwest of Bloomfield, New Mexico.
- 5 Q Where does it receive its mail?
- 6 A Post Office Box 1367, Farmington, New Mexico.
- 7 Q Is this refinery affiliated with any other refinery
- 8 anywhere?
- 9 A None whatsoever.
- 10 Q Mr. Clayton, when you filed the application for
- 11 preference under this State Royalty Oil Act, you attached
- 12 numerous letters to the application showing efforts
- 13 to purchase oil. Do you also recall prior to the time
- 14 the application was made, had you contacted Bailey
- 15 Developing Company?
- 16 A Yes, sir.
- 17 Q I show you a copy of a letter addressed to Mr. John
- 18 T. Hampton of Bailey Developing Company. Was that the
- 19 letter sent by Thriftway?
- 20 A Yes.
- 21 Q What is the date of that letter?
- 22 A February 26th, 1973.
- 23 Q What, in essence, does it ask Bailey Developing Company?
- 24 A It just offers to buy Bailey Developing Company
- 25 condensate or crude.

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- 19 letter sent by Thriftway?
- 20 A Yes.
- 21 Q What is the date of that letter?
- 22 A February 26th, 1973.
- 23 Q What, in essence, does it ask Bailey Developing Company?
- 24 A It just offers to buy Bailey Developing Company
- 25 condensate or crude.

1 Q Does it offer to buy it at presently existing prices?

2 A No, considerably above.

3 Q This is a letter in addition to the letters attached
4 to your application?

5 A Right.

6 MR. COHEN: May I see that letter, Mr. Porter?

7 MR. PORTER: Surely.

8 Q (By Mr. Graham) Now, Mr. Clayton, had you helped compile
9 figures on the actual charge stocks that had been run
10 through Thriftway's refinery for most of March, April,
11 and May of this year?

12 A Yes, sir.

13 Q Working forward in chronological order, during the
14 month of March, how many barrels of crude oil did you
15 have as charge stock?

16 A Twenty-one thousand eight hundred eighty-five barrels.

17 MR. PORTER: Is that the total monthly figure?

18 THE WITNESS: Yes, sir.

19 Q (By Mr. Graham) Of crude oil?

20 A Of crude oil.

21 Q And without naming them, do you have the specific
22 amounts, to the best of your knowledge, from each
23 supplier-- furnished to you by each supplier?

24 A Yes.

25 Q Would you name your suppliers that supplied you with

1 crude oil?

2 A Well, basically Permean Corporation, El Paso Natural
3 Gas, Shiprock Corporation, Pioneer Production Company.

4 Q And some other miscellaneous suppliers?

5 A Yes.

6 MR. PORTER: Is Permean a producer?

7 THE WITNESS: No, they are a crude oil broker-
8 purchaser.

9 Q (By Mr. Graham) Now, how much natural gasoline did you
10 have for charge stock-- was furnished to you for charge
11 stock for your refinery during the month of March, 1973?

12 A Twenty-seven thousand seven barrels.

13 Q Who furnished that natural gasoline?

14 A Well, 1,396 barrels came from Permean Corporation and
15 MAPCO, which is Mid-American Pipeline Company, a wholly
16 owned subsidiary of San Juan Oil Company. It was
17 25,610 barrels from them.

18 Q So adding together your crude and your natural gasoline,
19 what was your total refinery charge stock available
20 to you during the month of March, 1973?

21 A Forty-eight thousand eight hundred twenty-two barrels.

22 Q And what would your daily average-- what would this
23 make your daily average charge stock for the month of
24 March, 1973?

25 A Approximately 1,577.

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- 1 Q And this was all you were able to purchase on the open
- 2 market?
- 3 A That's right.
- 4 Q Were you able to purchase any of this at the prevailing,
- 5 posted field prices?
- 6 A Not one barrel.
- 7 Q Did you have to pay premium for each and every barrel?
- 8 A Yes, sir.
- 9 Q During the month of April, 1973, how much total crude
- 10 oil did you have available for refinery charge stock?
- 11 A Crude oil was 26,907 barrels.
- 12 Q Who were your suppliers on that?
- 13 A Again, basically, the same as March.
- 14 Q There were some changes, were there not, though, of a
- 15 minor nature? They were not identical suppliers, were
- 16 they?
- 17 A No, not identical. I think one of them was Graves Oil
- 18 Company.
- 19 Q How much did they furnish you?
- 20 A Six hundred forty barrels. Approximately three truck
- 21 loads.
- 22 Q You do have broken down in detail for the Commission
- 23 this information, if they so desire it?
- 24 A Yes.
- 25 Q How much total natural gasoline did you have available

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- 1 during the month of April?
- 2 A Thirty-one thousand seven hundred six barrels.
- 3 Q Again, who were your suppliers?
- 4 A El Paso Natural Gas, Permean Corporation, and Graves
- 5 Oil Company.
- 6 Q So what was the total charge stock in April?
- 7 A Fifty-eight thousand six hundred thirteen barrels.
- 8 Q And do you have a figure for the average daily refinery
- 9 charge stock which was available in April, 1973?
- 10 A Approximately 1,954 barrels per day.
- 11 Q Per day?
- 12 A Per day.
- 13 Q Were you able to purchase any of this at prevailing,
- 14 posted field prices in Northwestern New Mexico?
- 15 A No-- I might say that there might possibly be one
- 16 exception. El Paso Natural Gas, I suppose, charges
- 17 a stable price to everyone, but I have no way of knowing
- 18 that. That might be the one exception.
- 19 Q And in May of 1973, how much total crude oil did you
- 20 have available?
- 21 A Twenty thousand seven hundred sixty-four barrels.
- 22 Q And who were your suppliers on this?
- 23 A Well, Western Crude Oil, El Paso Natural Gas, Shiprock
- 24 Corporation, Dugan Production Company, Pioneer, Graves,
- 25 Permean.

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- 1 Q And how much total natural gasoline did you have
- 2 available?
- 3 A Twenty-three thousand and thirty-three barrels.
- 4 Q Who were your suppliers on that?
- 5 A Arrow Gas Company, El Paso Natural Gas, MacDougal.
- 6 Q Do you have any figures for the total amount of refinery
- 7 charge stock you had available to you in May, 1973?
- 8 A Fifty thousand seven hundred ninety-seven barrels.
- 9 Q And on a daily average, how many barrels a day would
- 10 this be?
- 11 A Sixteen hundred thirty-eight.
- 12 Q Were you able to purchase any of this at the prevailing,
- 13 posted prices, other than the exception of El Paso
- 14 Natural Gas?
- 15 A None.
- 16 Q Other than the letters you have submitted to the
- 17 Commission, have you, or do any of your employees
- 18 contact other people to try to attempt to purchase
- 19 refinery charge stock?
- 20 A Yes, we see people most every day.
- 21 Q You stated in your application when you filed it, Mr.
- 22 Clayton, that there was a certain amount, I believe
- 23 the application stated approximately 700-- I beg your
- 24 pardon-- I'm not incorrect, you lost approximately 762
- 25 barrels a day from San Juan Oil Company?

1 A That's right, we did lose it.

2 Q This was in fact lost?

3 A Yes.

4 Q Now, are there any sources you had during the month of
5 May which are in the immediate danger of being lost?

6 A Yes, we have two different sources. Western Crude Oil
7 has notified us that as of August 1st, they will be
8 terminating, and Permean Corporation is pressing us
9 for exchange barrels of oil.

10 Q What effect are exchange barrels going to have on you?

11 A I just better get some somewhere or we'll lose Permean
12 also.

13 Q On these exchange barrels, does this mean that they
14 will continue to sell to you in Northwestern New Mexico
15 if you have a source in some other area which is
16 available to them?

17 A Yes, sir.

18 MR. PORTER: Let me ask at this point if the
19 reduction in May was attributable to your loss of 762 barrels.

20 THE WITNESS: Primarily. If you will notice, we
21 were able to regain some of this through Western Crude Oil,
22 which was a temporary thing. We also picked up some from
23 Arrow Gas Company, which was also temporary, and we have since
24 lost both.

25 MR. PORTER: Thank you.

- 1 Q (By Mr. Graham) Concerning this amount that was
2 available in May, and subject to eminent loss, how
3 much did Western Crude furnish you during May?
- 4 A Three thousand seven hundred nineteen barrels.
- 5 Q How much did Permean Corporation furnish you?
- 6 A Twelve thousand four hundred forty-two barrels.
- 7 Q And that was a substantial amount of your charge stock?
- 8 A About twenty-five percent approximately.
- 9 Q It appears to me-- Would it be a fair statement to say,
10 Mr. Clayton, that since you filed this application, you
11 have been buying refinery charge stocks anywhere you
12 could, and your suppliers are constantly changing?
- 13 A Yes, definitely.
- 14 Q You are constantly picking up a little here, and losing
15 a little there?
- 16 A Right.
- 17 Q Now, the President's Commission on Oil Policy advises
18 persons unable to obtain crude oil to go back to their
19 sources, is that right?
- 20 A Yes.
- 21 Q Has your company done this?
- 22 A Yes, we have gone back to Mid-American Pipeline Company,
23 which is where we primarily lost the biggest portion,
24 and we have been told point-blank that if they are
25 forced to comply, they will, but they are not going to

1 do so by a voluntary allocation.

2 Q And in that regard, you wrote MAPCO on June 15th?

3 A Yes.

4 Q Is it your intention to follow up with a letter to
5 the President's Commission on Oil Policy Committee to
6 protect your interest as nearly as you can?

7 A Definitely.

8 Q Now, Mr. Porter asked you a question a few moments ago
9 concerning the runs through that plant in April.

10 Approximately what was your total through-put in the
11 plant during the month of April?

12 A Fifty-eight thousand six hundred thirteen barrels.

13 Q Fifty-eight thousand six hundred thirteen barrels?

14 A Right.

15 Q Which is somewhat slightly short of the 60,000 ball
16 park figure that was mentioned by Mr. Redd?

17 A Right.

18 Q Now, have you made any attempt to make any trade-outs
19 with other companies in the event that the Commission
20 sees fit to award you preference so you could use
21 Southeastern New Mexico crude to trade out for
22 Northwestern New Mexico liquid hydrocarbons?

23 A Yes, sir.

24 Q Just a couple of more questions on foreign crude. Have
25 you tried to trade any foreign crude which might be

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1 available to you?

2 A Yes, repeatedly, and we have foreign crude certificates,
3 but apparently today they are not worth the paper they
4 are written on. We have been unable to trade them for
5 anything.

6 Q You have been unable to change them for any refinery
7 charge stocks?

8 A That's right.

9 Q Is it true that you are asking the Commission, since
10 it is your testimony that you have been unable to
11 purchase sufficient refinery charge stock in open market
12 at present existing prices, to grant you a preference?

13 A We are asking for a preference.

14 Q And are you asking the Commission to allow you to now
15 request a preference of the total amount of your
16 refinery capacity since you are unable to purchase at
17 prevailing prices?

18 A Yes, sir.

19 Q Are you asking to amend your application in that respect?

20 A Right.

21 Q And alternatively, if this should be denied, then you
22 are asking the Commission to grant you a preference
23 to purchase New Mexico state royalty oil in an amount
24 which would be the difference between your refinery
25 capacity and the amount that is currently available

1 to you?

2 A Yes, sir.

3 MR. GRAHAM: I believe that's all the questions
4 I have.

5 MR. PORTER: Let me ask you, on today's market,
6 how much oil is currently available to you on a daily basis?

7 THE WITNESS: Well, again, I will go back to May's
8 report, and in the month of May, we were able to purchase
9 1,638 barrels.

10 MR. PORTER: That's the latest figure you have?

11 THE WITNESS: Right.

12 MR. PORTER: Thank you.

13 MR. GRAHAM: Mr. Porter, may I ask Mr. Clayton
14 a couple of more questions?

15 MR. PORTER: Yes.

16 Q (By Mr. Graham) Mr. Clayton, there have been some
17 objections made concerning your reports. I forget,
18 I believe it's called the C-113 reports. I am quite
19 well aware that on those reports, of which the
20 Commission I am sure has copies, that sometimes you
21 show regular gasoline, and sometimes you show diesel
22 oil, and sometimes you show ethyl gasoline. Is it
23 true that this is not refinery charge stock, and does
24 not go through your refinery?

25 A That's correct.

1 Q And therefore it should not be included as refinery
2 charge stock?

3 A That's right.

4 MR. GRAHAM: That's all.

5 * * * *

6 CROSS EXAMINATION

7 BY MR. COHEN:

8 Q You have operated this refinery, Mr. Clayton, since
9 November, 1971, is that correct?

10 A Yes, sir.

11 Q Had you ever owned or operated any other refinery
12 previous to that?

13 A No, sir.

14 Q Do you have a degree in engineering?

15 A No.

16 Q Do you have any special training short of a degree in
17 connection with petroleum refinery operations?

18 A Yes.

19 Q Would you tell me about that, please?

20 A I worked in an LPG plant, and this was the first
21 experience I had with it. I worked in that capacity
22 for thirteen or fourteen months. After that, I wasn't
23 officially employed by Caribou, but I spent considerable
24 time in the Four Corners area with them, and learned
25 to operate that refinery back some years ago.

1 Q I would like to turn to the question of capacity of
2 this refinery, and ask you what the existing capacity
3 of the refinery is today.

4 A I can sincerely say that I do not know. I have never
5 had enough crude oil to open it up.

6 Q Now, your original sworn application to this Commission
7 set forth a refinery capacity of 4,000 barrels a day,
8 is that correct?

9 A Yes.

10 Q And since you have just testified that you don't really
11 know the capacity, that was just a figure pulled out
12 of the air, so to speak?

13 A Well, with what little experience I have in working
14 around plants, I feel that was a good "guesstimate".

15 Q Do you recall submitting a revised page two to the
16 application?

17 A Yes, sir.

18 Q And what was the refinery capacity which was alleged
19 in that revised page number two?

20 A I think approximately 2,000 barrels per day. Again,
21 that is dependent upon the type of crude you have to
22 charge it with.

23 Q Now, the statements that the application makes is that
24 the capacity of the refinery to be supplied is 4,000
25 barrels of oil per day in one case, and 2,000 barrels

- 1 in the other case. Now, do you furnish information
2 to the Bureau of Mines in connection with refinery
3 capacity?
4 A No, I do not.
5 Q Do you know where they get this information?
6 A No, sir.
7 Q Are you aware of the fact that the Bureau of Mines
8 publishes a report of refinery capacities?
9 A I only became aware of it last month.
10 Q You just became aware of it last month?
11 A Yes.
12 Q You don't know then where they get their information?
13 A No.
14 Q Has any member of your staff furnished them with
15 information?
16 A No, not to my knowledge.
17 Q Are you familiar with a publication called THE OIL AND
18 GAS JOURNAL?
19 A Yes, sir.
20 Q Do you recall the refinery issue which listed refinery
21 capacities?
22 A Yes, sir.
23 Q Do you know what your refinery capacity was listed as
24 in the OIL AND GAS JOURNAL?
25 A I think at that point, 1,200 barrels per day.

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1 Q Do you know where they got that information?

2 A Yes, from our information furnished on an application
3 that was submitted in October, 1971. I might state
4 that we have been constantly adding to that refinery
5 since we bought it. We are presently adding to it
6 today, and we hope to have it up to five or six thousand
7 barrels a day shortly.

8 Q I will get back to that in a little bit. Have you had
9 access to the most recent Bureau of Mines report, the
10 one for 1973?

11 A No, sir, I have never seen one.

12 Q Did you ever write to the OIL AND GAS JOURNAL to correct
13 the information they listed concerning your capacity?

14 A I think the statement I made was that that came from
15 the information they had available from the Federal
16 Oil Import Application we submitted. It was correct
17 at the time they took it, because they looked at the
18 preceding year and took that figure. Probably one of
19 the reasons they didn't check it was because the large
20 refineries do not normally vary from year to year,
21 the refineries of over 100,000, and of course, we are
22 not in that category.

23 Q You attached to your application letters to sellers,
24 and you stated you needed an additional 2,500 barrels
25 per day?

- 1 A Yes, sir.
- 2 Q At that point when you wrote those letters, had the
3 refinery in fact ever processed 2,500 barrels per day?
- 4 A No, sir.
- 5 Q Now, you filed these refinery reports, and if you took
6 the reports for December, January, February, March,
7 and April, which I think were all filed-- the November
8 figure was not filed, if you took the average daily
9 input for those five months, do you know what the
10 figure would be? Have you calculated that?
- 11 A No, sir, I do not. I have the last three months.
- 12 Q If I told you that according to my mathematics in
13 adding those figures, and then dividing, it comes to
14 719 barrels per day. Do you have an opinion as to
15 whether that is correct?
- 16 A That would be too low.
- 17 Q You refer in the application to the foreign import
18 quota back in October, 1971. Can you recall that?
- 19 A Yes, sir.
- 20 Q You said at that time that your expected input was
21 1,200 barrels per day, is that correct?
- 22 A That's right.
- 23 Q In your March application, which was based upon
24 expanded capacity, you indicated that with an additional
25 facility, the capacity would be 2,800 barrels per day.

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1 Do you recall that figure?

2 A Yes, sir.

3 Q That was an estimate of what would take place if you

4 continued your program of expansion?

5 A Yes.

6 Q You have never processed 2,800 barrels per day, have you?

7 A No, sir.

8 Q Are you familiar with the oil import digest published

9 by the National Petroleum Refiners Association?

10 A No, sir.

11 Q I take it you are not aware that they list your

12 refinery capacity as 756 barrels per day?

13 A Well, I have no idea, because I have never seen it.

14 Q Since January 1st of this year, what have you done to

15 increase the capacity of your refinery?

16 A Well, we have added innumerable heat exchangers

17 primarily.

18 Q Innumerable heat exchanges?

19 A Well, I don't know how many-- several bunches.

20 Q Did they increase the capacity of the refinery?

21 A Yes, sir.

22 Q Do you recall how much you spent on those additional

23 heat exchangers?

24 A It would be a ball park figure, but probably \$25,000,

25 twenty thousand.

- 1 Q Is a heat exchanger the same as a heater?
- 2 A No, sir.
- 3 Q There were only four heaters, I believe Mr. Redd
- 4 testified to?
- 5 A Right.
- 6 Q Did you add to the heaters at all?
- 7 A Not this year.
- 8 Q When was the last addition on the heaters?
- 9 A I really don't know. We have been working on this
- 10 constantly since we purchased it. I think one tower
- 11 and one heater was probably put in in about May of 1972,
- 12 and another heater was added some time later, which
- 13 could have been as late as the fall of 1972 sometime.
- 14 Q What else have you done this year to increase the
- 15 refinery capacity?
- 16 A Well, as I said, the heat exchangers; we have new
- 17 hot turbo-charged burners that are to be installed
- 18 within the next thirty days which should run the
- 19 capacity up considerably.
- 20 Q They will be installed within the next thirty days?
- 21 A Yes.
- 22 Q Who are you acquiring those from?
- 23 A From Hawk Manufacturing Company.
- 24 Q What is the cost of that work?
- 25 A Approximately five thousand dollars just for the burners.

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- 1 Q Is that one burner?
- 2 A That's two burners.
- 3 Q How many burners do you have at present?
- 4 A There's a Potstill.
- 5 Q Is the Potstill presently in operation?
- 6 A Yes, sir.
- 7 Q Are there any other burners?
- 8 A The two big upright heaters, two separate units.
- 9 Q Are heaters and burners the same?
- 10 A I don't really know. We have one vessel that is fired
- 11 with two burners, and it has two methods of putting
- 12 heat into the heaters. I would refer to it as a
- 13 self-contained unit that sits off to the side, and
- 14 we force crude through the heat exchange.
- 15 Q What else have you done since the first of the year to
- 16 increase the capacity of the refinery?
- 17 A That's primarily it.
- 18 Q So this year, you have spent about \$25,000 roughly?
- 19 A Right.
- 20 Q Or you will have spent that.
- 21 A Well, the burners that cost \$5,000 are only a small
- 22 part of the cost of putting them in.
- 23 Q What is the installation charge?
- 24 A Again, we don't know. But whatever it takes, we will
- 25 put them in.

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1 Q You don't have an estimate of any kind?

2 A Well-- Ten thousand dollars.

3 MR. PORTER: Mr. Cohen, the Commission has a full
4 docket. May I ask the relevancy of the costs?

5 MR. COHEN: Yes, Mr. Chairman. It goes-- Well,
6 there are two bases. One is a question of whether or not
7 in fact this work has been done. I am testing the witness'
8 recollection. The other point is that the Applicant has
9 stated to the Federal Government that they intend to spend
10 some \$147,000 on improving the refinery, and I wanted to
11 verify whether in fact they have spent \$147,000 or not.

12 Our goal, Mr. Porter, is to get to the truth, and
13 this is simply to get to whether or not the facts that are
14 stated are true. I am not impugning this witness, there is
15 just certain information that you try to draw out which
16 may not be relevant in itself, but it is very relevant to
17 the total picture. If somebody doesn't remember what he
18 did yesterday, but remembers what he did a month ago, you
19 might be suspicious of his power of recall. That's all
20 I am getting at.

21 MR. PORTER: Proceed.

22 Q (By Mr. Cohen) Mr. Clayton, was there a fire at the
23 refinery some time last year?

24 A Yes, sir.

25 Q What effect did that have on the existing plant at

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- 1 the time?
- 2 A Not much. It destroyed some refinished gasoline tankage,
- 3 and that was all.
- 4 Q It did not affect the processing part of the refinery?
- 5 A No, sir.
- 6 Q Can you tell me what the largest number of barrels of
- 7 charge stock you have run through the unit is in any
- 8 twenty-four hour period?
- 9 A Not specifically, but I would say approximately 2,000
- 10 barrels.
- 11 Q Does that include this casinghead gas?
- 12 A Yes, sir.
- 13 Q Why is that run through?
- 14 A The vapor pressure is too high on it, and we have to
- 15 knock out some of the butane left in it.
- 16 Q And is that true of all the casinghead or natural
- 17 gasoline that you acquire?
- 18 A No, it's not.
- 19 Q Can you estimate for me what portion of the natural
- 20 casinghead gas is run through the processing unit
- 21 as opposed to what portion is simply put into the
- 22 blending tanks?
- 23 A Well, overall, approximately ten percent of the natural
- 24 gasoline is blended with our straight blends.
- 25 Q About ten percent does not go through?

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- 1 A Not ten percent of the natural gasoline itself, but
- 2 about ten percent of our total gasoline output is
- 3 natural gasoline that is blended into our production.
- 4 Q Is Mr. Graham one of your attorneys?
- 5 A Yes.
- 6 Q He wrote to the Commission on April 10th stating that
- 7 work has been in progress for approximately thirty
- 8 days in upgrading present equipment, and installation
- 9 of additional equipment. What had been done during
- 10 the thirty days before April 10th in connection with
- 11 installation of additional equipment?
- 12 A Well, we have an insulated tower, and have added heat
- 13 exchangers.
- 14 Q That was done between March 10th and April 10th?
- 15 A No, I wouldn't say that. As I said, this has been a
- 16 progressive thing where we are adding things all the
- 17 time, and there probably are some more heat exchangers
- 18 being added there even today.
- 19 Q Are these new heat exchangers that you have there today?
- 20 A No, sir.
- 21 Q Are these used?
- 22 A Yes, sir.
- 23 Q He says that in another thirty days, you anticipate
- 24 the capacity of the refinery will be 3,000 barrels
- 25 per day. That would be thirty days from April 10th,

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- 1 and I take it that that increase did not take place?
- 2 A It did take place.
- 3 Q How did it take place?
- 4 A Through the heat exchangers.
- 5 Q The installation of the several exchangers that you
- 6 added increased the capacity?
- 7 A Yes, sir.
- 8 Q Are the heat exchangers that you have installed or
- 9 purchased installed and operable now?
- 10 A Approximately a third of them are.
- 11 Q The other two-thirds are not?
- 12 A That's right.
- 13 Q They are on the premises, though?
- 14 A Yes.
- 15 Q How about the two turbo-charge burners?
- 16 A They have not been installed as yet.
- 17 Q Going back to your answer to the question about the
- 18 proportion of the natural gas which is not refined
- 19 but is simply used as blending stock, have you, in
- 20 your monthly refinery reports, separated out that ten
- 21 percent, or have you included that in your figures
- 22 as part of your charge stock?
- 23 A I think it probably would be included in the figures.--
- 24 I really don't know. In fact, we have asked Mr.
- 25 Arnold of the Oil and Gas Conservation Commission, in

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1 fact, we have had help repeatedly, and there have
2 been some questions he could not answer in regard to
3 this report.

4 MR. COHEN: Before I move on to the next topic,
5 I would simply like to remind the Commission, as Mr. Porter
6 pointed out in the beginning of the hearing, the statute
7 speaks in terms of existing refinery capacity. I won't add
8 that the road to hell is paved with good intentions, I have
9 no legal authority to say that. I would like to strike that.

10 Q (By Mr. Cohen) I would like to turn your attention,
11 if you would, Mr. Clayton, to the question of your
12 efforts to obtain adequate charge stocks. Do you
13 recall the letters that you wrote?

14 A Yes.

15 Q Did you follow up those letters in any way?

16 A Yes, sir.

17 Q Would you tell the Commission what you did?

18 A Well, many of these people that we have talked to and
19 many of these that we see in the coffee shop every
20 day-- Everybody is aware of the energy crunch, and
21 point-blank, the major oil companies have told us
22 that money is not enough to get our charge stocks,
23 that we are going to have to have one barrel in exchange
24 for one barrel. I had a man say point-blank that he
25 would lose his job if he gave up one barrel of charge

- 1 stock without one barrel in exchange.
- 2 Q Have you made any effort to contact Mr. Simon about
- 3 this situation?
- 4 A Due to the new regulations that have come out, I think
- 5 there is probably a letter in the process of being
- 6 typed right now.
- 7 Q You do intend to follow up with respect to Mid-American?
- 8 A Definitely.
- 9 Q How much was involved in that?
- 10 A As I recall, about eight hundred barrels per day.
- 11 Q Are you familiar with the Federal oil availability
- 12 situation in your area?
- 13 A I am aware that there is a program that is almost
- 14 identical to the state's.
- 15 Q Are you aware that there are 1,500 barrels of Federal
- 16 oil available?
- 17 A Yes, sir.
- 18 Q Have you filed for it?
- 19 A No.
- 20 Q Have you filed for Federal offshore crude oil?
- 21 A No, sir.
- 22 Q In your testimony in chief, Mr. Clayton, you talked
- 23 about the possibility of a trade between Southeastern
- 24 and Northwestern New Mexico.
- 25 A Right.

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- 1 Q Would you explain that to me, please?
- 2 A We have contacted many of these companies trying to
- 3 purchase oil, and again, as I said earlier, they have
- 4 told us, "What can you give us in exchange for this?"
- 5 Now, if we were granted preference, then we could trade
- 6 this to the companies that have production in our area
- 7 that will in turn be able to run or charge it to our
- 8 distillery.
- 9 Q I believe you said in the application that you had a
- 10 letter of intent in the works. Did that ever come
- 11 to fruition?
- 12 A I believe we have, to the best of my knowledge.
- 13 Q Who is that with?
- 14 A I think you realize we have competitors here today,
- 15 and I think many of these things, not to be obstinate,
- 16 but I don't feel they should be brought out in the
- 17 open right now.
- 18 Q We certainly don't want you to give away any trade
- 19 secrets, but would you describe to me what the
- 20 substance of the trade is?
- 21 A Primarily what it is is if we are able to give them
- 22 500 barrels today into the pipeline flowing to Texas,
- 23 they will release 500 barrels of their production in
- 24 our area.
- 25 Q What is their production in your area?

1 A Crude condensate, casinghead.

2 Q So part of your intention would be to trade crude in
3 the Southeastern part of the state for casinghead gas
4 in the Northeastern part of the state?

5 A Not necessarily casinghead.

6 Q Don't you benefit more by getting casinghead gas than
7 you would by getting crude?

8 A Yes, but the availability is not very good.

9 Q In your application, Mr. Clayton, you listed a number
10 of fields as potential sources of refinery charge
11 stocks, and there are some nine fields. Have you made
12 any effort to ascertain whether or not there is in
13 fact any crude-- state royalty oil in those areas which
14 has not already been called on?

15 A Yes, we have checked into it, and to the best of our
16 knowledge, every barrel of state oil is either under
17 preference or under contract.

18 MR. COHEN: No further questions.

19 MR. PORTER: Does anyone else have any questions?

20 (No response)

21 MR. GRAHAM: I have just a few points I would
22 like to clarify.

23 MR. PORTER: Yes, sir.

24 * * * *

25

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REDIRECT EXAMINATION

BY MR. GRAHAM:

Q Mr. Clayton, on your original application, you did state a refinery capacity of 4,000 barrels a day?

A Yes.

Q Is it your testimony that this is just a ball park figure as near as you can come at this time?

A Yes, but we realize we are going to have to go to heavier crude.

Q At that time, you didn't have the engineer's report-- or his study results had not come back as yet?

A No.

Q Subsequently, you amended page two of the application and stated that the refinery capacity was based-- was 2,000 barrels. Is it true this was based upon Mr. Redd's telegram?

A Yes.

Q And he testified that his figure was a rough figure at that time?

A Yes, plus we had run approximately 2,000 barrels a day, but we did shut down from time to time.

Q Mr. Cohen raised a question about the letters you sent out, the letters attached to the application, stating to potential sources of refinery charge stock that you had a need for 2500 barrels per day?

1 A Yes.

2 Q At the time those letters were sent out, did you really
3 anticipate that by the time you might make any
4 transactions, and of the liquid hydrocarbons actually
5 available to you that you would be able to run and
6 process 2,500 barrels a day?

7 A Yes, sir.

8 Q Do you still feel that was a reasonable figure at that
9 time?

10 A Yes, sir. I might add that in response to these letters
11 that we sent to most of the companies-- I don't know
12 how familiar Mr. Cohen is with our industry, but the
13 Federal Government is constantly after big oil companies
14 for anti-trust actions, and I think most of them tend
15 to ignore a letter rather than send on stating a flat no.

16 Q Mr. Cohen raised the question as to whether you had
17 ever run 2,800 barrels a day.

18 A Yes.

19 Q Have you ever had 2,800 barrels a day to run there?

20 A No.

21 Q In addition to these letters, and as you stated before
22 some conversations in coffee shops and here and there
23 in efforts to secure adequate charge stocks, have you
24 also made telephone calls to suppliers in addition
25 to these letters and conversations?

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1 A Definitely.

2 Q Were some of these telephone calls follow-ups to these
3 letters?

4 A Yes.

5 Q The statute states that in any application, the
6 application must list the field or fields which the
7 petroleum refiner believes to be a potential source
8 of refinery charge stocks. Now, we have named nine
9 fields in this application. Is it still your belief
10 that if state royalty oil were available from these
11 fields in Lea County, New Mexico that it could be
12 traded with major suppliers for Northwestern New Mexico
13 liquid hydrocarbon?

14 A Yes, sir.

15 Q Did you cause an investigation to be made to determine
16 whether primarily all of the oil produced in this
17 field is pipelined?

18 A Right.

19 Q Does a substantial portion of it go into the Texas-
20 New Mexico pipeline?

21 A Yes, I think with the exception of 4,500 barrels left
22 in the state.

23 MR. GRAHAM: I have no further questions.

24 * * * *

25

RE-CROSS EXAMINATION

BY MR. COHEN:

Q Would the shut-in you referred to from time to time be a result of equipment breakdown?

A No, sir, running out of crude oil.

* * * *

CROSS EXAMINATION

BY MR. TRUJILLO:

Q How many letters did you send out requesting oil?

A I would say twenty-five.

Q Out of those twenty-five, how many did not respond in writing?

A Again, I don't have the specific number, but I would say twenty or twenty-one.

Q So in the majority, there were no answers to your letters?

A No response whatsoever.

Q As I understand you, depending on the type of stock that is going into your plant, if it's seventy-two degrees A.P.I., the capacity would be 2,779 barrels per day?

A Right.

Q Should that be reduced to forty A.P.I., it would be 4,000 barrels per day?

A I believe 4,020 would be accurate.

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1 Q So actually, depending on the type of stock that is
2 going to the plant, you would have that much leeway
3 in determining what the capacity of the plant is, is
4 this correct?

5 A Yes, sir.

6 MR. GRAHAM: I would like to make a comment. I
7 believe the application on file shows there were twenty-nine
8 letters attached to the application that went out, and this
9 did not include the letter which has been mentioned today.

10 I believe the application will also show that
11 there were responses to only three of those.

12 MR. PORTER: Are there any further questions of
13 the witness?

14 (No response)

15 MR. PORTER: If not, the witness may be excused.

16 (Witness excused.)

17 MR. PORTER: We will take a short recess at this
18 time.

19 (Whereupon a recess was taken.)

20 (Hearing continues.)

21 MR. PORTER: The hearing will come to order, please.

22 We will ask the Applicant to call his next witness, and I
23 would like to remind all of you that we have a lot of cases
24 on the docket, we want a complete record, but we want
25 the questions on direct and cross examination to be directly

1 relevant to the points that are supposed to be brought out.

2 So Mr. Graham, would you call your next witness?

3 MR. GRAHAM: May I ask at this time whether Mr.
4 Cohen plans to call Mr. Famariss as his witness? If he does
5 not, I will call him as my witness.

6 MR. PORTER: You would like to call Mr. Famariss
7 if he is not going to be called by Mr. Cohen?

8 MR. GRAHAM: Yes.

9 MR. PORTER: Mr. Cohen, could you answer that
10 question?

11 MR. COHEN: I did plan to put Mr. Famariss on very
12 briefly.

13 MR. PORTER: Does that answer your question?

14 MR. GRAHAM: Yes, otherwise I will call him as my
15 witness.

16 MR. COHEN: I would like, as a matter of convenience,
17 to add that he should become your witness even though I
18 have called him.

19 MR. PORTER: Do you have any other witnesses at
20 this time, Mr. Graham?

21 MR. GRAHAM: No, that's all.

22 MR. COHEN: I have just two witnesses, Mr. Porter,
23 and I think they will both be very, very brief, as far as
24 we are concerned.

25 MR. PORTER: Proceed.

1 relevant to the points that are supposed to be brought out.

2 So Mr. Graham, would you call your next witness?

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4 Cohen plans to call Mr. Famariss as his witness? If he does
5 not, I will call him as my witness.

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7 if he is not going to be called by Mr. Cohen?

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9 MR. PORTER: Mr. Cohen, could you answer that
10 question?

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12 briefly.

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18 have called him.

19 MR. PORTER: Do you have any other witnesses at
20 this time, Mr. Graham?

21 MR. GRAHAM: No, that's all.

22 MR. COHEN: I have just two witnesses, Mr. Porter,
23 and I think they will both be very, very brief, as far as
24 we are concerned.

25 MR. PORTER: Proceed.

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1 THOMAS SNEDEKER,
2 was called as a witness, and having been already duly sworn,
3 testified as follows:

4 DIRECT EXAMINATION

5 BY MR. COHEN:

6 Q Would you state your name for the record, please?

7 A Thomas Snedeker.

8 Q And you have been sworn, have you not?

9 A Yes, sir.

10 Q I know that your background in the oil industry has
11 been extensive, but would you just briefly tell the
12 Commission, particularly with respect to your
13 involvement with the Federal Oil Program, a little
14 bit about your background?

15 A Until July 1st of last year, I was thirty years with
16 the Federal Government, fourteen years as Deputy Oil
17 Import Administrator.

18 Q Mr. Snedeker, is Federal offshore oil available to
19 a refinery in the position of the Applicant here?

20 A Yes, sir.

21 Q Is there a substantial amount available?

22 A Yes, sir.

23 MR. COHEN: I have nothing further.

24 MR. PORTER: Do you have any question, Mr. Graham?

25 MR. GRAHAM: Yes, sir.

CROSS EXAMINATION

BY MR. GRAHAM:

Q What do you mean by Federal offshore oil?

A This is oil that is in the Gulf of Mexico.

Q Is it commonly referred to as Continental shelf oil?

A Yes, oil on Federal land.

Q You testified that you have been with the Government for thirty years?

A Right.

Q Did you have some knowledge of the pipeline-- existing pipeline facilities?

A Probably not as much as some other experts, but I know a little bit about that.

Q Do you have any pipeline that flows Continental shelf oil into the State of New Mexico?

A This oil can be exchanged.

Q It can be, but only by trade-out.

A That's right, by trade-out.

MR. GRAHAM: Those are all the questions I have.

* * * *

REDIRECT EXAMINATION

BY MR. COHEN:

Q Would it be difficult or easy in your opinion to trade out the offshore oil for oil located in the northern part of the State of New Mexico?

1 A Fairly easy, because it's very high grade crude oil,
2 very desirable crude.

3 MR. COHEN: No further questions.

4 * * * *

5 CROSS EXAMINATION

6 BY MR. PORTER:

7 Q Mr. Snedeker, you were fourteen years as Deputy Oil
8 Administrator?

9 A That's right.

10 Q Did you work with Mr. Devlin?

11 A Yes, sir, and Captain Carson.

12 MR. PORTER: Thank you very much. Are there any
13 other questions of the witness?

14 (No response)

15 MR. PORTER: The witness may be excused.

16 (Witness excused.)

17 * * * *

18 WALTER FAMARISS, JR.,

19 was called as a witness, and having been already duly sworn,
20 testified as follows:

21 DIRECT EXAMINATION

22 BY MR. COHEN:

23 Q Will you state your name for the record, please?

24 A Walter Famariss, Jr.

25 Q Are you familiar with the Federal royalty oil

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1 availability situation in the area of the Applicant's
2 refinery?

3 A Yes.

4 Q And is there any such Federal oil available?

5 A There is.

6 Q Can you tell me how much?

7 A Slightly under 1,500 barrels a day.

8 Q The Applicant would have to apply for it, would he not?

9 A That's the procedure.

10 MR. COHEN: I have nothing further.

11 * * * *

12 CROSS EXAMINATION

13 BY MR. GRAHAM:

14 MR. PORTER: Mr. Cohen, I believe you called him
15 as your witness.

16 MR. COHEN: Yes, sir.

17 MR. PORTER: You may cross examine on that point,
18 and you may then call him as your own witness.

19 MR. GRAHAM: Is that all the questions Mr. Cohen
20 has?

21 MR. COHEN: That's all I have.

22 MR. PORTER: Do you have any questions on the
23 matter of Federal oil?

24 MR. GRAHAM: Yes.

25 * * * *

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- 1 Q (By Mr. Graham) Mr. Famariss, are you acquiring any
- 2 Northwestern New Mexico Oil?
- 3 A No.
- 4 Q Are you familiar with it?
- 5 A Very well.
- 6 Q Are you well aware that this 1,500 barrels that might
- 7 be available is widely scattered throughout Northwestern
- 8 New Mexico?
- 9 A I do not know that.
- 10 Q You haven't studied that?
- 11 A I do not know that.
- 12 Q Do you have any idea of how long it would take to
- 13 process an application for this Federal royalty oil?
- 14 A Yes, because we have done it.
- 15 Q You have filed an application for Federal royalty oil?
- 16 A In the past years, yes.
- 17 Q Was this preference granted to you?
- 18 A It was.
- 19 Q And how long did it take to process this application?
- 20 A Oh, ninety days.
- 21 Q How much do you get under that?
- 22 A We don't get any, I said we did.
- 23 Q You did?
- 24 A We did. We don't get any now.
- 25 Q Have you filed for a Federal import allocation?

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- 1 A That's automatic. Every refiner files one.
- 2 Q Have you held permits for these?
- 3 A Yes.
- 4 Q Do you hold permits now?
- 5 A Yes.
- 6 Q What do you do with these permits?
- 7 A May I correct you? These are licenses for importing
- 8 foreign crude.
- 9 Q What do you do with these licenses? Do you actually
- 10 trade the oil out in order to bring oil into New Mexico,
- 11 or do you sell the licenses?
- 12 A There are two privileges within my understanding. One
- 13 is that you have the right of exchanging your offshore
- 14 licenses for crude oil in your area that can physically
- 15 reach your plant; or the practice has been since 1959
- 16 that you can in turn receive the economic value of
- 17 those licenses in lieu of the exchange of what we call
- 18 a wet barrel or a barrel of crude for a barrel of
- 19 crude.
- 20 Q May I ask what you do with yours?
- 21 A We have done both.
- 22 Q How's that?
- 23 We have done both. We have held licenses since the
- 24 inception of the program.
- 25 Q You also-- Were you instrumental in having this Act

1 I talk about, the State Royalty Preference Act, were
2 you instrumental in having that Act enacted?

3 A What is instrumental?

4 Q I might ask specifically in regard to--

5 MR. COHEN: Both counsel I think have been very
6 considerate in not objecting, but I don't know what
7 relevancy this has.

8 MR. PORTER: I am inclined to agree with you at
9 this point. If you are cross examining Mr. Famariss, you
10 should confine your cross examination to the point he made
11 concerning the availability of foreign oil or Federal
12 offshore oil.

13 MR. GRAHAM: Mr. Porter, I was treating him as
14 my own witness now. The relevancy of the question I am
15 asking goes directly to the objections that have been made.

16 MR. PORTER: In other words, you have concluded
17 your cross examination concerning the availability of
18 Federal royalty oil?

19 MR. GRAHAM: Yes, I have.

20 MR. PORTER: All right, just a moment.

21 (Whereupon the Commission conferred with its
22 counsel.)

23 MR. PORTER: Mr. Cohen, the Commission will
24 sustain your objection. We feel that the question concerning
25 whether Mr. Famariss had something to do with the enactment

of this law is irrelevant.

* * * *

WALTER FAMARISS, JR.,

was called as a witness on behalf of the Applicant, and
having been already duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. GRAHAM:

Q Mr. Famariss, part of the objection filed here before
the Commission was that Thriftway had failed to file
for this 1,500 barrels a day of Federal royalty oil--

A I don't remember the exact wording in it, but if you
care to read it to me, I would be very glad to answer
your question.

MR. COHEN: He hasn't asked you a question yet,
Mr. Famariss.

Q (By Mr. Graham) Point two in the objection states that
the Applicant has failed to show in his application
any effort to obtain the approximately 1,500 barrels
of Federal royalty crude oil which this objector
believes is available in the Applicant's vicinity from
Federal sources.

Now, you obtained a royalty preference under this
Act for your refinery in Southeastern New Mexico, did
you not?

A Correct.

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1 Q Do you recall anything in that law that requires the
2 Applicant to exhaust all potential sources of inquiry
3 prior to making application for-- prior to being
4 granted preference?

5 A I am not an attorney, and I don't know the law that well.

6 Q Now, in your objection that was filed here, you stated
7 that the potential sources of refinery charge stocks
8 which Thriftway Company listed in their application
9 are not available to the Applicant. Do you purchase
10 all of the state royalty oil from the nine fields
11 listed?

12 A We believe we do.

13 Q Do you purchase it under the Refinery Preference Act?

14 A That, I don't know.

15 Q Is it true that you have a contract with the State
16 under this State Royalty Oil Preference Act?

17 A Yes, that's a matter of public record.

18 Q And is it also true that you have a separate contract
19 with the State Land Office to purchase other state
20 royalty oil up to approximately 16,000 barrels a day,
21 said contract being dated July 30th, 1971?

22 A We hold such a contract.

23 Q And you don't know whether you take the oil out of these
24 nine fields under the Royalty Preference Act or under
25 the separate contract?

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- 1 A That would just be a case of lack of detailed knowledge.
- 2 Q How's that?
- 3 A That would be a case of just a lack of detailed knowledge.
- 4 Q Is it fair to say there is a fair possibility that
- 5 you don't take all of the state royalty oil under the
- 6 State Royalty Preference Act?
- 7 A No, I wouldn't say that was a fair assumption.
- 8 Q Now, this state royalty oil that you take under the
- 9 State Royalty Oil Preference Act, in most cases the
- 10 leases provide for one-eighth state royalty, do they not?
- 11 A Yes.
- 12 Q Now, do you truck any of this oil to your refinery?
- 13 A No, sir.
- 14 Q Do you pipeline it to your refinery?
- 15 A Yes, sir.
- 16 Q Do you pipeline it on the basis of one from each lease
- 17 or unit, or do you trade it out?
- 18 A We don't truck it out because I just got finished
- 19 making the statement that we take it by pipeline.
- 20 Q You don't truck any oil?
- 21 A No-- wait a minute. We do truck oil, but not under
- 22 either one of these contracts. We also buy, to the
- 23 best of our ability in the open market.
- 24 Q Back to my question on the state royalty oil. You
- 25 take from the various leases, let's assume for the

1 purpose of this question, one-eighth of eight-eighths
2 of gross production. Do you actually trade that out
3 and take all of your oil from say one pipeliner or
4 one lessor? Do you take one-eighth from each lease
5 that you file with the State Land Office?

6 MR. COHEN: I can't for the life of me see the
7 relevance of how Mr. Famariss runs his business has with
8 the application of Thriftway for preference.

9 MR. PORTER: The Commission doesn't feel the
10 question is relevant, Mr. Graham, so we will sustain the
11 objection.

12 Q (By Mr. Graham) Mr. Famariss, on the state royalty oil
13 that you purchase from the State of New Mexico by
14 either contract or by virtue of the Preference Act,
15 does your company sell any of that directly or
16 indirectly to any other refinery in the state?

17 MR. COHEN: I am going to go back to the same
18 objection. These questions have nothing to do with the
19 issue before this Commission. Mr. Clayton said, and very
20 properly, that this is a very competitive business, and
21 there are matters which anyone in the field doesn't
22 particularly want to announce publicly, especially with
23 a number of competitors in the room. I fail to see any
24 relevance between Mr. Famariss' operations and any issue
25 before this Commission.

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1 MR. GRAHAM: Well, Mr. Porter, I feel the question
2 is relevant to this extent, according to my file here, on
3 April 27th, I sent a letter to Mr. Famariss by way of
4 certified mail return receipt requested, and I have a copy
5 of it if the Commission wishes to see it, asking whether
6 he had any oil refinery charge stock or anything available
7 for sale to Thriftway, and this letter remains unanswered
8 to this date.

9 I would certainly like to ask Mr. Famariss a few
10 questions concerning this, concerning why he is not selling
11 to anyone directly or indirectly.

12 MR. PORTER: Mr. Graham, did you file a copy of
13 that letter with the application, or was it subsequent to
14 your application?

15 MR. GRAHAM: I did not, Mr. Porter. I merely
16 wrote Mr. Famariss on April 27th, and I did not send a copy
17 to the Commission.

18 MR. PORTER: Did you consider this another one
19 of your efforts to obtain crude oil or refinery stock?

20 MR. GRAHAM: Yes, at this point, I certainly would.
21 Would the Commission care to have a copy of the letter?

22 MR. PORTER: I think that the Commission will
23 hold that the question is irrelevant in this case, and
24 sustain your objection, Mr. Graham.

25 MR. GRAHAM: I believe that's all the questions

1 I have.

2 MR. COHEN: I have nothing further.

3 MR. PORTER: Are there any questions of Mr.

4 Famariss?

5 (No response)

6 MR. PORTER: The witness may be excused.

7 (Witness excused.)

8 MR. PORTER: Does anyone else have any witnesses?

9 MR. CARR: Yes, we have one witness, Mr. Stamets.

10 Mr. Stamets has already been sworn.

11 * * * *

12 RICHARD L. STAMETS,

13 was called as a witness, and having been already duly sworn,
14 testified as follows:

15 DIRECT EXAMINATION

16 BY MR. CARR:

17 Q Would you state your name for the record, please?

18 A R. Stamets, Technical Support Chief for the Oil
19 Conservation Commission in Santa Fe, New Mexico.

20 Q Mr. Stamets, what authority does the Oil Conservation
21 Commission exercise over refineries in New Mexico.

22 A We exercise relatively limited authority. I checked
23 the statute this morning, and there are only about
24 three that speak to our authority over the refineries,
25 and they speak primarily to the prevention of waste of

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1 production.

2 Q The refiners monthly file reports with the Commission,
3 is that correct?

4 A Yes, they do.

5 Q For what purpose are these forms used?

6 A These forms are used mainly for informational purposes.
7 The Commission has no regular work that we do with
8 these forms.

9 Q You heard this morning the statements concerning the
10 sufficiency of the reports filed with the Oil
11 Conservation Commission, is that correct?

12 A Yes, I did.

13 Q Now, were the reports filed by Thriftway deficient
14 as received by the Commission originally?

15 A Yes, they were.

16 Q Were the reports of just Thriftway insufficient or
17 were the reports by other refiners also insufficient?

18 A It's my feeling that the reports by other refiners
19 are insufficient as well.

20 Q Each and every refiner that has filed?

21 A Yes, that's my opinion. At this time, they have all
22 been reviewed since this case came up, and in some
23 respects or another, each report seems to be somewhat
24 insufficient.

25 Q What action is the Commission presently taking to

1 correct the situation?

2 A We have contacted a number of refiners, and we have
3 received some corrected reports, some additions, and
4 we are also looking over the report at this time to
5 see that it is-- if we should make any changes in the
6 report itself, if we should advise the refiners of
7 a uniform method of reporting.

8 MR. CARR: I have no further questions.

9 MR. PORTER: Mr. Stamets, after listening to
10 your testimony, and of course, with my own knowledge of
11 what is going on, it reminds me somewhat of the situation
12 in the Methodist Church at one time, which I happen to be
13 a member of.

14 It seems that nobody ever referred to the handbook
15 until on one occasion a bunch of people wanted to run the
16 minister off, and they all bought one. Sometimes we file
17 these reports without making checks as to accuracy because
18 these are not like the recurring reports of the producer
19 which are published-- compiled and published monthly, but
20 merely informational reports filed in our files, and unless
21 someone comes in and inquires about these things, we
22 hardly ever see them.

23 So after the deficiencies were discovered in
24 these reports of Thriftway, we had our District Offices
25 and our personnel here take a look at all of the refiners'

1 reports, and we did find discrepancies, some not serious,
2 others more serious.

3 Some did not-- the detail did not check with the
4 summaries, some did not show the final destinations of the
5 products. Now, of course, we have had a number of questions
6 from the Press and the Energy Task Force, and other
7 industry people concerning how much the products are used
8 in the state and so forth. So after these discrepancies
9 were discovered, we had each of our district supervisors
10 check with the refiners in their districts, so those reports
11 are being brought up to date.

12 This is just a matter of information.

13 I believe, Mr. Graham, you had a question of Mr.
14 Stamets?

15 MR. GRAHAM: Yes.

16 * * * *

17 CROSS EXAMINATION

18 BY MR. GRAHAM:

19 Q Mr. Stamets, have you mailed out anything to the
20 refiners yet to instruct them or assist them in
21 correcting these reports to your specifications?

22 A As far as I know, there has been no general mailing
23 to all refiners. Individual refiners have been
24 contacted about individual problems.

25 MR. GRAHAM: I just want to state for the record

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1 that Thriftway stands ready and willing at all times to
2 work in any capacity they can with you to meet any compliance
3 you want on these reports.

4 MR. PORTER: Are there any other questions?

5 (No response)

6 MR. PORTER: The witness may be excused.

7 (Witness excused.)

8 MR. PORTER: Is there any further testimony to be
9 offered in the case at this time?

10 (No response)

11 MR. PORTER: We will hear closing arguments and
12 final statements at this time then.

13 MR. GRAHAM: If the Commission please, I will
14 try to make my argument very short. I believe between the
15 application and the testimony here today, that Thriftway
16 Company has more than met its burden of proof in the matter
17 by meeting every single statutory issue and requirement.

18 In considering this matter, I would like for the
19 Commission to consider the lead section of what I refer to
20 as the State Royalty Oil Preference Act, which states that
21 the purpose of this Act is to assist small business
22 enterprises within the state by encouraging the establishment
23 and operation of petroleum refineries not having adequate
24 refinery charge stocks by granting preference to such
25 refineries of state royalty oil accruing from public lands

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1 oil and gas leases.

2 The very essence of the Act is to assist all
3 petroleum refiners in New Mexico, and I think it is
4 completely illogical to consider that virtually all of
5 the royalty oil should go to one source, or even to one
6 section of the state.

7 We believe, and this is what the statute requires
8 us to file, that if we are granted the preference that the
9 oil can be exchanged in kind. We realize it is impossible
10 to transport oil by truck from Southeastern New Mexico to
11 Northwestern New Mexico, or vice versa. In that respect,
12 the figures furnished to me by the State Land Office
13 indicate that in Northwestern New Mexico, approximately
14 three percent of the acreage that is oil-bearing, gas-
15 bearing, or any kind of hydrocarbon-bearing, is state land,
16 and this is widely scattered.

17 Furthermore, and I may stand corrected on the
18 exact period of time, but during the entire year of 1972,
19 the total production of state royalty oil in Northwestern
20 New Mexico was 168 barrels per day. This is grossly
21 inadequate to meet Thriftway's needs. If they get state
22 royalty oil, it has got to come out of Southeastern New
23 Mexico, because there is no other place to get it.

24 I think the testimony here has been adequate,
25 generous, and extremely competent that the capacity of the

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1 refinery at the very minimum is 2,779 barrels per day, and
2 that the maximum at this time stands at 4,000 barrels a day.

3 Furthermore, I think Thriftway Company has shown
4 its efforts to purchase oil on the open market to have
5 been grossly adequate, and the testimony has been, and it
6 has been uncontradicted, that there is not one single
7 barrel of oil that Thriftway has bought, other than some
8 natural gasoline from El Paso Natural Gas, that they can
9 buy at prevailing market prices. They have to pay bonuses
10 for every barrel they get other than the natural gasoline
11 they get from El Paso Natural Gas Company.

12 As far as the objections raised by Famariss
13 Refining Company, the statute granting the preference to
14 small refineries, that is those with capacities of less
15 than 30,000 barrels a day, does not require the applicant
16 to exhaust each and every source that they could possibly
17 seek out before they make application and are granted a
18 preference.

19 Therefore, I think it is completely immaterial
20 that Thriftway has not yet made application for royalty
21 oil under the Federal Preference Act, although I will state
22 to the Commission that we are in the process now of
23 preparing a Federal application, but that the Federal
24 application requirements are much, much more strict and
25 much, much more detailed than the state requirements.

1 I might add that this is one reason we are very,
2 very anxious to have these state forms conform in all
3 respects to the Commission requirements, and we would like
4 to work with the Commission on this immediately so that
5 commencing with our June report, we will be in a position
6 to have accurate data for our Federal application.

7 I have a letter from the Oil Conservation Commission
8 here indicating that down in Southeastern New Mexico in
9 1972, there were about six million barrels of state royalty
10 oil produced, a little over six million barrels, and that
11 about four million six hundred thousand barrels were sold
12 directly to petroleum refineries during 1972.

13 This indicates that there is some state royalty
14 oil available in Southeastern New Mexico. The letter also
15 indicates that in Northwestern New Mexico during 1972, there
16 were only 13,000 barrels of state royalty oil produced,
17 grossly inadequate for Thriftway's needs.

18 Therefore, we are going to respectfully ask the
19 Commission to grant the preference, and to grant us, within
20 our discretion, a preference for an amount, since we are
21 unable to purchase at prevailing prices, of between a
22 minimum of 2,779 barrels per day to a maximum of 4,000
23 barrels per day.

24 I might add that if a preference is granted, it
25 doesn't put oil in the refinery, we still have to find the

1 oil and get it there. This is only the first step in the
2 procedure. We do respectfully request a preference.

3 MR. PORTER: Mr. Cohen?

4 MR. COHEN: I agree completely with Mr. Graham on
5 the last thing he said, that preference does not put any oil
6 in the refinery. I also agree with the first thing he said,
7 or implied, that the burden of proof is on the Applicant,
8 and I would like to remind the Commission of that fact.

9 The burden of proof is theirs, to meet the
10 requirements of the statute, and I respectfully submit that
11 they have failed to do so.

12 I would like to call to the Commission's attention
13 the fact that the questions before the Commission are not
14 whether Mr. Clayton is a nice guy; I'm sure he is, or whether
15 Mr. Famariss is a nice guy, or whether Mr. Clayton knows
16 how to operate a refinery, or whether Mr. Famariss knows how
17 to make a refinery work, whether it makes economic sense
18 for Mr. Clayton to keep spending money on his refinery up
19 there. Those are not the questions before the Commission.

20 The question before the Commission relates to
21 the existing capacity, those are the very words of the Act
22 referred to, they must show their existing petroleum refinery
23 capacity, that is the criteria.

24 Another question is availability.

25 First on refinery capacity, we submit that they

1 have failed to carry their burden of proof. We have a
2 choice as to their refinery capacity, it's sort of like
3 a cafeteria of refinery capacities. They can choose from
4 a number of figures, and I say that that is not sufficient.

5 They have filed their application under oath
6 saying 4,000 barrels, then they came in and said 2,700
7 barrels, now they have amended their application saying
8 it's 2,000 barrels. We have the OIL AND GAS JOURNAL and
9 the Bureau of Mines stating it is 1,200 barrels. We have
10 an average shown by a breakdown of their refiner's reports
11 filed with the Commission showing an average of 719 barrels.

12 We are not talking about Mr. Clayton's intentions,
13 we are not talking about what the Applicant might be able
14 to do if things were different and he had another opportunity.
15 We are talking about existing refinery capacity at the
16 time the application was filed, and they have failed to
17 show what their existing refinery capacity is.

18 In any event, the facts as they have appeared
19 before the Commission indicate that the refinery capacity
20 is in the neighborhood of seven to eight hundred barrels
21 per day.

22 With respect to availability, I submit that it
23 should take more than the Applicant sitting around a coffee
24 shop and chatting with his friends about whether or not
25 crude oil is available to show that in fact it is not

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1 available. The testimony was uncontradicted that there is
2 Federal oil available in the Northwestern part of the state
3 in an amount of 1,500 barrels per day. The testimony is
4 uncontradicted that Federal offshore crude oil is available
5 in substantial amounts, and that it is a very high quality
6 crude, and very desirable.

7 The Applicant has conceded that they may have
8 overlooked that point because they are preparing a Federal
9 application. I think this shows they realize that they
10 simply missed the boat, and that they have not done anything
11 really substantial to exhaust the sources of crude oil
12 available to them, except write that batch of letters, which
13 even with the increased price of postage, amounted to
14 approximately \$2.64-- Oh, no, they were registered, so the
15 cost would be somewhat more.

16 They have failed to carry the burden of proof,
17 they have failed to show they are entitled to preference,
18 they have failed to show that crude is in fact available
19 in the Southeastern portion of the state that could be
20 traded or transported, they have failed to show that they
21 have exhausted the potential sources of crude, they have
22 failed to show the capacity of the refinery. For all
23 these reasons, we submit their application for preference
24 should be denied.

25 MR. PORTER: Mr. Cooley, do you wish to make a

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1 statement?

2 MR. COOLEY: No thank you, Mr. Commissioner.

3 MR. PORTER: Does anyone else wish to make a

4 statement in this case?

5 (No response)

6 MR. PORTER: The Commission will take the case

7 under advisement. We will recess the hearing until 1:00

8 P.M., at which time, I believe we will call first Case 4989,

9 which was continued from June 6th.

10 (Whereupon the hearing in Case 4990 was concluded.)

11 * * * *

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1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO) ss

3
4 I, RICHARD E. MCCORMICK, a Certified Shorthand
5 Reporter, in and for the County of Bernalillo, State of
6 New Mexico, do hereby certify that the foregoing and attached
7 Transcript of Hearing before the New Mexico Oil Conservation
8 Commission was reported by me; and that the same is a true
9 and correct record of the said proceedings to the best of
10 my knowledge, skill and ability.

11 
12 CERTIFIED SHORTHAND REPORTER
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I N D E X

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMijo
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

June 25, 1973

Mr. Robert Graham
Attorney at Law
Post Office Box 1818
Farmington, New Mexico

Re: Case No. 4990
Order No. _____
Applicant: _____
Thriftway Company

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
Aztec OCC x

Other Mr. Saul Cohen, Mr. Jack Cooley, Mr. Walter Famariss
and Thriftway Company

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Case 4990

5074

The State of New Mexico by its Oil Conservation Commission hereby gives notice of the application of Thriftway Company for preference in sale of royalty oil.

STATE OF NEW MEXICO TO:

All named parties and
persons having any right,
title, interest or claim
to state royalty oil, and
notice to the public.

Application of Thriftway Company for preference in sale of royalty oil.

Applicant, in the above-styled cause, seeks a determination pursuant to Chapter 34, New Mexico Laws of 1967, by the New Mexico Oil Conservation Commission that sufficient supplies of refinery charge stocks are not available on the open market to applicant's refinery within the State which does not have an adequate source of supply for refinery charge stocks. The Thriftway Company has filed with the Commission an application and supporting documents demonstrating that it is a petroleum refinery within the state unable to purchase in the open market at prevailing prices an adequate supply of refinery charge stocks of a quality to meet the needs of its existing petroleum refinery capacity and is, therefore, entitled to the aforesaid determination by the Commission. The Commission will approve the application upon the basis of the application and supporting documents if no interested person has entered an objection and submitted evidence to the Commission (which evidence reasonably tends to demonstrate that said refinery charge stocks are available to the applicant) within 15 days after May 3, 1973.

If said objection and evidence is received by the Commission, the matter will be set for hearing.

GIVEN under the seal of the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 25th day of April, 1973.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

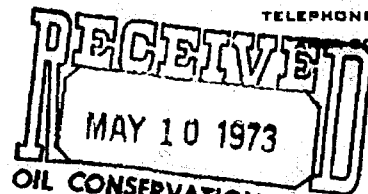
A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

S E A L

LAW OFFICES OF
ROBERT H. GRAHAM
118 SOUTH COMMERCIAL
FARMINGTON, NEW MEXICO 87401

Case 4990



TELEPHONE: 325-1755
CODE 505

May 9, 1973 OIL CONSERVATION COMM
Santa Fe

Mr. Dan Nutter
Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Re: Thriftway Company

Dear Mr. Nutter:

Pursuant to our telephone conversation of May 8, 1973 I am enclosing herewith the original and one xerox copy of a letter which I have received from Redd and Redd consulting engineers in Salt Lake City, Utah stating that Thriftway's plant capacity with the present equipment is 2,000 barrels per day capacity. I sincerely hope that this will suffice for the purposes for which you need it but if there is anything further you need please call me collect at any time. I suppose that if it is mandatory a full scale engineering report could be prepared to establish the facts set forth in this letter. I also remind you of the telegram from Redd and Redd which was previously forwarded to your office.

I certainly appreciate your cooperation in this regard.

very truly yours,

Robert H. Graham
ROBERT H. GRAHAM

RHG:ks

cc: Mr. Jerry Clayton
Thriftway Company
P.O. Box 1367
Farmington, New Mexico 87401

DOCKET MAILED

6-7-73

Case 4990

REDD & REDD

CONSULTING ENGINEERS

345 WEST 16TH SOUTH
SALT LAKE CITY, UTAH 84115

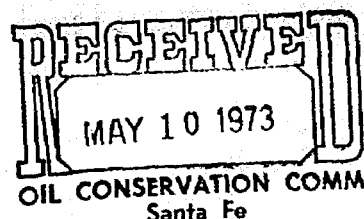
PHONE 487-0301

L. WAYNE REDD
CONSULTING ENGINEER

JOHN P. REDD
CONSULTING ENGINEER

May 4, 1973

Mr. Jerry Clayton, President
Thriftway Refining Company
2011 East Main Street
Farmington, New Mexico 87401



Re: Bloomfield Refining Company

Dear Mr. Clayton:

At the request of your office we have reviewed our design parameters, crude charging stock physical properties, and engineering calculations on the operating capacity of the equipment located at your Bloomfield Refinery.

At a 2000 barrel per stream day light crude charging rate, using the existing Pot-Still Tower and Crude Fractionating Tower, the vapor velocity including the net product and reflux is much less than three feet per second over the gross tower volume. The three feet per second velocity is the maximum velocity recommended by the literature. In our experience we have operated towers above the three feet per second superficial velocity and gotten excellent separation of products.

Hence, your plant has the major equipment capacity to process the 2000 barrels per day of light crude charging stock.

If we can provide any other information, please contact us.

Very truly yours,

John P. Redd
John P. Redd, P. E.
Partner

gn/

DOCKET MAILED

Date 6-7-73

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

June 25, 1973

COPY
Honorable Alex J. Armijo
Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

Re: CASE NUMBER 4990 - Application
of Thriftway Company for Preference
in Sale of Royalty Oil

Dear Sir:

The Oil Conservation Commission received an application dated March 29, 1973, from Thriftway Company for Preference in the Sale of Royalty Oil.

Thriftway Company filed with the New Mexico Oil Conservation Commission documents purporting to show that it is a petroleum refinery within the state unable to purchase in the open market at prevailing prices an adequate supply of refinery charge stocks of a quality to meet the needs of its existing petroleum refinery capacity.

Public Notice was given of the aforesaid application and filing of supporting documents, and objection to said application and supporting documents was received within 15 days after publication of the notice, whereupon the matter was set and came on for public hearing on June 20, 1973.

The Commission, a quorum being present, having considered the application, supporting documents, and the evidence adduced at the hearing, and being fully advised in the premises, finds that the Thriftway Company is a bona fide small business enterprise operating an oil refinery in the State of New Mexico; that said refinery is unable to purchase in the open market at prevailing prices an adequate supply

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

-2-

Honorable Alex J. Armijo
Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

June 25, 1973

C
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P
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of refinery charge stocks of a quality to meet the needs of its
existing refinery capacity; and that the Thriftway Company is
eligible to be granted a preference for the purchase of royalty
oil.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

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

S E A L

ir/

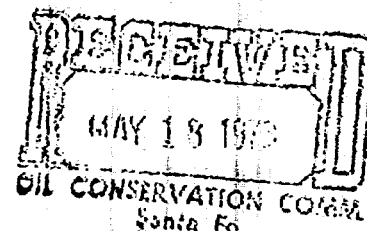
Summary of Oil Conservation Commission statutory authority in determining eligibility for preference in the purchase of royalty oil.

"7-11-61. APPLICATION FOR PREFERENCE IN SALE OF ROYALTY OIL - REQUIREMENTS -. A petroleum refinery within the state unable to purchase in the open market at prevailing prices an adequate supply of refinery charge stocks of a quality to meet the needs of its existing petroleum refinery capacity may file an application and supporting documents with the Oil Conservation Commission. Such application shall be filed in triplicate and must be accompanied by a detailed statement containing the following information:"

1. full name and address of applicant,
2. location of refinery,
3. complete disclosure of applicant's affiliation or association with any other petroleum refiner,
4. reason applicant believes that it is entitled to the preference,
5. a full showing of efforts made to purchase refinery charge stocks in open market,
6. capacity of refinery to be supplied and amount required,
7. source and grade of all refinery charge stocks currently available to applicant by purchase,
8. minimum amount and grade of additional refinery charge stocks needed to meet existing refinery commitments or existing refinery capacity,
9. fields applicants believe offer a potential source of refinery charge stocks supply because of proximity to its refinery,
10. the available transportation facilities which the refiner proposes to utilize.

7-11-62. GRANT OF PREFERENCE BASED UPON APPLICATION. The Commission is charged with the responsibility of determining if the application is adequate and satisfactory -- when the Commission is satisfied that the applicant is qualified for the preference within the intent of the law -- it shall notify the Commissioner of Public Lands in writing that the applicant is eligible to be granted a preference under this act.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO



Case 4990

RE: Application of Thriftway Company
For Preference in Sale of Royalty Oil

In accordance with the notice of the State of New Mexico Oil Conservation Commission dated April 25, 1973 Famariss Oil Corporation hereby enters its objection to the proposed approval of the application of Thriftway Company for preference to purchase New Mexico State royalty oil and requests that the application be disapproved.

The bases for the objection are as follows:

I

SUBSTANTIAL QUESTIONS EXIST WITH RESPECT
TO THE CAPACITY OF THE THRIFTWAY REFINERY

In its original application for preference, the applicant stated (Paragraph 5) that the capacity of the refinery is 4000 barrels of oil per day. The correctness of that statement was attested to by the president of the company in a signed verification. Subsequently the application was amended to state that the capacity of the refinery is 2000 barrels per day. This amendment was not accompanied by any sworn verification. It was accompanied by a telegram addressed to the President of the applicant from an engineer stating that based on an "inventory of existing pumps and equipment" applicant's refining plant "will process 2000 barrels per day of crude oil". It is not clear from the language used whether in fact this represents "existing refinery capacity" as that phrase is used in Section 7-11-61, NMSA 1953 (Replacement Volume 2, 1971 Pocket Supp.)

Furthermore, in other public sources different figures appear as to the refinery capacity. For example in the April 2, 1973 issue of The Oil and Gas Journal, the

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"crude capacity" of Thriftway's Bloomfield refinery is listed as 1200 barrels per day. This listing is believed to have been based upon information furnished to The Oil and Gas Journal by applicant. The various letters attached to the application filed herein by applicant indicate a need for an "additional 2500 barrels per day." Other figures relating to refinery capacity appear in other sources, and the confusion is only compounded by the Refiner's Monthly Reports which Thriftway has filed with the New Mexico Oil Conservation Commission, since they are incomplete in several respects. The information requested therein should be made available to the Commission so that appropriate cross-checks and verification can be made by the Commission's staff.

In sum, the capacity of the applicant's refinery is essential information and yet that information is not presently in the hands of the Commission but rather the Commission has only varied and conflicting figures. What is the capacity of the applicant's refinery?

II

APPLICANT HAS FAILED TO SHOW INABILITY TO PURCHASE AN ADEQUATE SUPPLY OF REFINERY CHARGE STOCKS OF A QUALITY TO MEET THE NEEDS OF ITS EXISTING PETROLEUM REFINERY CAPACITY

Although a substantial number of letters are attached to the application, applicant admits "substantially all of these inquiries have remained unanswered." (Paragraph 4 of application.) There is no showing as to why they are unanswered. There is no showing as to whether or not some of the addressees might not be willing to make crude oil available to applicant if an appropriate followup had been made. Furthermore, applicant failed to show in his application any effort to obtain the approximately 1500 barrels of federal royalty crude oil per day which this objector is informed and believes is available in applicant's vicinity from federal sources. It has been reported that in a meeting as recently as May 14, 1973, William Simon,

Deputy Secretary of the Treasury and Chairman of President Nixon's Oil Policy Committee told representatives of District III (the district that includes New Mexico) that any persons unable to obtain a crude oil supply should go back to their sources, and if they are turned down, he should be contacted and that he would then use his efforts to secure a supply.

In sum, the applicant has not shown that it does not have available to it an adequate supply of refinery charge stocks sufficient to meet refinery capacity.

III

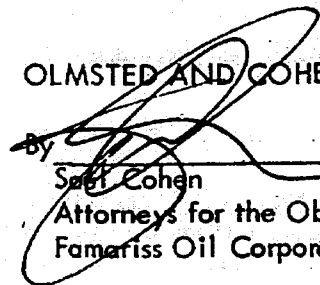
THE POTENTIAL SOURCES OF REFINERY CHARGE STOCK SUPPLY WHICH APPLICANT LISTS IN PARAGRAPH 8 OF ITS APPLICATION ARE NOT AVAILABLE TO APPLICANT

In its application applicant lists a number of potential sources in Lea County for refinery charge stock supply. None of the sources listed is in fact available, and the requirement in Section 7-11-61 C, NMSA, (Replacement Volume 2, 1971 Pocket Supp.) that the applicant state "the field or fields which the petroleum refiner believes offer a potential source of refinery charge stocks supply because of proximity to its refinery, and the available transportation facilities which the refiner proposes to utilize" has not been met. Applicant has listed only potential sources which are not available and they have listed only potential sources which are in the opposite part of the State of New Mexico to that where the refinery is located. The entire question of available transportation should also be fully explored by the Commission before the granting of the application.

Furthermore, the objector is informed that on or about March 21, 1973, the applicant made application for an import allocation and license for crude oil, but no mention of such application is contained in the application for preference, and there is no evidence before the Commission that the applicant will not have sufficient oil available to it from federal sources.

In view of the foregoing it is respectfully submitted that the showing submitted by the applicant is inadequate and unsatisfactory and that the application should be denied.

OLMSTED AND COHEN

by 
Sam Cohen
Attorneys for the Objector
Famariss Oil Corporation

P.O. Box 877
Santa Fe, New Mexico 87501

DOCKET: REGULAR HEARING - WEDNESDAY - JUNE 20, 1973

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

CASE 4990: In the matter of the hearing called by the Oil Conservation Commission of New Mexico upon its own motion to consider the application of Thriftway Company, operator of a petroleum refinery in Bloomfield, New Mexico, for certification to the Commissioner of Public Lands as a small business enterprise within the state not having an adequate supply of charge stocks and eligible to be granted a preference, pursuant to Chapter 34, New Mexico Laws of 1967, for the purchase of state royalty oil. The Commission will consider the application and such pertinent evidence as may be submitted concerning the capacity of the refinery, the source and grade of all refinery charge stocks currently available to the applicant, the minimum amount and grade of additional refinery charge stocks needed to meet existing refinery commitments or existing refinery capacity, and the efforts made by applicant to purchase refinery charge stocks on the open market.

CASE 4991: Application of El Paso Natural Gas Company for the amendment of the prorated gas pool rules promulgated by Order No. R-1670, as amended.

Applicant, in the above-styled cause, seeks the amendment of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Southeast New Mexico, as promulgated by Commission Order No. R-1670, as amended. Applicant proposes:

1. That Rule 9 (B) of the Northwest New Mexico Gas Proration Rules and 10 (A) of the Southeast New Mexico Gas Proration Rules each be amended to provide that the monthly allowable assigned to a marginal well would be equal to its latest available monthly production.
2. That Rule 13 of the Northwest New Mexico and Southeast New Mexico Gas Proration Rules be amended to provide that the proration period would be the 12-month period from 7:00 a.m. April 1 of each year to 7:00 a.m. April 1 of the following year. (The current proration period, due to terminate at 7:00 a.m. January 1, 1974, would be extended to 7:00 a.m. April 1, 1974).
3. That Rule 16 (A) of the Northwest New Mexico and Southeast New Mexico Gas Proration Rules be amended to provide that each proration period consist of four classification periods for the purpose of classifying wells marginal, each such classification period being of three months duration; and to provide that after production data is available for the last month of each such classification period, any well which had an underproduced status at the beginning of the gas proration period would be classified marginal

(Case 4991 continued from Page 1)

if its highest single month's production during the classification period is less than its average monthly allowable for the classification period, unless within 15 days after receipt of notice of classification of a well as marginal, the operator of the well or other interested person presents satisfactory evidence to the Commission showing that the well is not of marginal character and should not be so classified.

Applicant, in addition to the above-requested specific rule changes, further requests such additional word changes in other orders and/or Rules of the Commission (including but not limited to Order No. R-333-F-1) as may be necessary to effectuate the substantive rule changes proposed herein.

- CASE 4992: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and the Travelers Indemnity Company and all other interested parties to appear and show cause why the Ranger Lake Wells Nos. 1 and 3 located in Unit N of Section 11, Township 12 South, Range 34 East, Lea County, New Mexico should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 4993: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and the Travelers Indemnity Company and all other interested parties to appear and show cause why the T. P. State Well No. 1 located in Unit A of Section 17, Township 10 South, Range 33 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 4994: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Glenn Petroleum Corporation and United States Fire Insurance Company and all other interested parties to appear and show cause why the Crosby Well No. 1 located in Unit O of Section 26, Township 7 South, Range 30 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 4995: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Glenn Petroleum Corporation and United States Fire Insurance Company and all other interested parties to appear and show cause why the Sanders Well No. 1 located in Unit N of Section 25, Township 7 South, Range 30 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

- CASE 4996: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit C. H. Brockett Inc. and the Indemnity Company and all other interested parties to appear and show cause why the Lazy J State "A" Well No. 1 located in Unit A of Section 3, Township 14 South, Range 33 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 4997: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Jal Fishing Tool Company and United States Fidelity & Guarantee Company and all other interested parties to appear and show cause why the H. Whitten Well No. 1 located in Unit C of Section 4, Township 24 South, Range 36 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 4998: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit E. P. Campbell and Aetna Casualty and Surety Company and all other interested parties to appear and show cause why the E. P. Campbell Christmas Well No. 1 located in Unit C of Section 6, Township 23 South, Range 36 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 4999: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Standard Production Company and Aetna Life & Casualty and all other interested parties to appear and show cause why the Brown Lease Wells Nos. 1, 2, 3, 4, 5, and 5-A, located in Units F, D, C, F, E, and E, respectively, of Section 25, Township 25 South, Range 36 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program, and why the location of Well No. 6 in Unit L and No. 7 in Unit M of said Section 25 should not be cleaned and levelled.
- CASE 5000: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Aztec Totah Unit Wells Nos. 17 and 18, located in Unit E of Section 20, and Unit H of Section 19, respectively, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5001: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tamanaco Oil Corporation and Continental Casualty Company and all other interested parties to appear and show cause why the El Poso Ranch "N" Well No. 11 located in Unit N of Section 11, Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

- CASE 5002: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tamanaco Oil Corporation and Continental Casualty Company and all other interested parties to appear and show cause why the Pound Ranch "B" Well No. 27 located in Unit B of Section 27, Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5003: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Dan M. Lockie and Hartford Fire Insurance Company Group and all other interested parties to appear and show cause why the Dan M. Lockie, Gersbach Com #1 located in Unit J of Section 3, Township 29 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5004: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Pettus and Associates and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Pettus and Associates, Hunt Well No. 1 located in Unit K of Section 3, Township 29 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5005: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Pettus and Associates and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Pettus and Associates, Don Stock Well No. 1 located in Unit E of Section 3, Township 29 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5006: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Southeast Cha Cha Unit Well No. 1 located in Unit M of Section 32, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4989: (Continued from the June 6, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment of the general rules governing prorated gas pools in Northwest and Southeast New Mexico as promulgated by Order No. R-1670, as amended. Rule 15 of the aforesaid general rules would be amended to provide that if a well is overproduced in an amount exceeding six times its average monthly allowable for the preceding twelve months (or, in the case of a newly connected well or a well in a newly prorated pool, six times its average monthly allowable for the months available), it shall be shut in during that month and each succeeding month until it is overproduced in an amount less than six times its average monthly allowable, as determined above.

Rule 15 would be further amended to permit the Secretary-Director of the Commission to grant a pool-wide moratorium of up to three months on the shutting in of gas wells during periods of high demand emergency if a significant number of the wells in the pool are subject to being shut in.

LAW OFFICES OF
PHILLIPS AND GRAHAM
116-118 SOUTH COMMERCIAL
P. O. BOX 1818
FARMINGTON, NEW MEXICO 87401

JOHN R. PHILLIPS, JR.
ROBERT H. GRAHAM

April 2, 1973

RECEIVED
APR 3 10 41 AM '73
SANTA FE, N.M.
TELEPHONE 325-1755
AREA CODE 505

Mr. A. L. Porter, Jr.
and
Mr. Dan Nutter
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 4990

Re: Thriftway Company's
Application for Preference
to Purchase New Mexico State
Royalty Oil

Dear Messrs Porter and Nutter:

Pursuant to our conversations during my visit to your office on March 30, 1973, I herewith enclose the original and two (2) copies of an Affidavit by Thriftway Company verifying the response which they received from their letter inquiries to purchase oil on the open market to El Paso Natural Gas Company and Amoco Production Company.

Please attach this Affidavit to the application which has been submitted to your office as Exhibit B-4.

If there is anything further you need in support of the application, please contact me immediately. Should there be no further information needed by your office, I will appreciate being advised when the Notice of Application for the preference is being published.

Very truly yours,

PHILLIPS AND GRAHAM

Original Signed by

Robert H. Graham

Robert H. Graham

REG:lw

cc: Mr. Alex Amijo w/enc.
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

Company by El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

El Paso Natural Gas Company

Nutter should report that boys contact of federal we

rec'd

1600 thru put
2000 capacity

will increase capacity

Thermal Cracker SW/corner
of plant several years
not in use

BTU heaters

start remedial work
expansion
wk or two

4200

Memo

From
D. S. NUTTER
CHIEF ENGINEER

To

1-34 1

12-26 25

TENNECO OIL COMPANY

A Major Component of Tenneco Inc.
P. O. BOX 2611 • HOUSTON, TEXAS 77001



March 27, 1973

Mr. Robert H. Graham
Phillips and Graham
P. O. Box 1818
Farmington, New Mexico 87401

Dear Mr. Graham:

Re: New Mexico Oil

This is to advise your office that Tenneco Oil Company is interested in trading southeast New Mexico crude and/or condensate for northwest New Mexico crude and/or condensate on an equivalent value basis with the Thriftway Company.

Tenneco is presently delivering some condensate to Thriftway from the Basin Dakota Area, New Mexico.

Please advise if additional information is required.

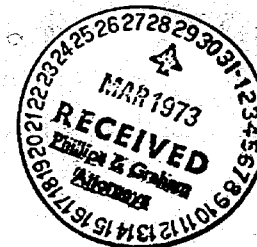
Very truly yours,

TENNECO OIL COMPANY

A large, stylized handwritten signature in dark ink, appearing to read "Max A. Menard".

Max A. Menard
Coordinator
Crude Oil Purchases & Sales

ds



DOCKET: REGULAR HEARING - WEDNESDAY - JUNE 20, 1973

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

← CASE 4990: In the matter of the hearing called by the Oil Conservation Commission of New Mexico upon its own motion to consider the application of Thriftway Company, operator of a petroleum refinery in Bloomfield, New Mexico, for certification to the Commissioner of Public Lands as a small business enterprise within the state not having an adequate supply of charge stocks and eligible to be granted a preference, pursuant to Chapter 34, New Mexico Laws of 1967, for the purchase of state royalty oil. The Commission will consider the application and such pertinent evidence as may be submitted concerning the capacity of the refinery, the source and grade of all refinery charge stocks currently available to the applicant, the minimum amount and grade of additional refinery charge stocks needed to meet existing refinery commitments or existing refinery capacity, and the efforts made by applicant to purchase refinery charge stocks on the open market.

← CASE 4991: Application of El Paso Natural Gas Company for the amendment of the prorated gas pool rules promulgated by Order No. R-1670, as amended. →

Applicant, in the above-styled cause, seeks the amendment of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Southeast New Mexico, as promulgated by Commission Order No. R-1670, as amended. Applicant proposes:

1. That Rule 9 (B) of the Northwest New Mexico Gas Proration Rules and 10 (A) of the Southeast New Mexico Gas Proration Rules each be amended to provide that the monthly allowable assigned to a marginal well would be equal to its latest available monthly production.

2. That Rule 13 of the Northwest New Mexico and Southeast New Mexico Gas Proration Rules be amended to provide that the proration period would be the 12-month period from 7:00 a.m. April 1 of each year to 7:00 a.m. April 1 of the following year. (The current proration period, due to terminate at 7:00 a.m. January 1, 1974, would be extended to 7:00 a.m. April 1, 1974).

3. That Rule 16 (A) of the Northwest New Mexico and Southeast New Mexico Gas Proration Rules be amended to provide that each proration period consist of four classification periods for the purpose of classifying wells marginal, each such classification period being of three months duration; and to provide that after production data is available for the last month of each such classification period, any well which had an underproduced status at the beginning of the gas proration period would be classified marginal

(Case 4991 continued from Page 1)

if its highest single month's production during the classification period is less than its average monthly allowable for the classification period, unless within 15 days after receipt of notice of classification of a well as marginal, the operator of the well or other interested person presents satisfactory evidence to the Commission showing that the well is not of marginal character and should not be so classified.

Applicant, in addition to the above-requested specific rule changes, further requests such additional word changes in other orders and/or Rules of the Commission (including but not limited to Order No. R-333-F-1) as may be necessary to effectuate the substantive rule changes proposed herein.

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- CASE 4996: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit C. H. Brockett Inc. and the Indemnity Company and all other interested parties to appear and show cause why the Lazy J State "A" Well No. 1 located in Unit A of Section 3, Township 14 South, Range 33 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
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- CASE 4999: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Standard Production Company and Aetna Life & Casualty and all other interested parties to appear and show cause why the Brown Lease Wells Nos. 1, 2, 3, 4, 5, and 5-A, located in Units F, D, C, F, E, and E, respectively, of Section 25, Township 25 South, Range 36 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program, and why the location of Well No. 6 in Unit L and No. 7 in Unit M of said Section 25 should not be cleaned and levelled.
- CASE 5000: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Aztec Totah Unit Wells Nos. 17 and 18, located in Unit E of Section 20, and Unit H of Section 19, respectively, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
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CASE 5002: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tamanaco Oil Corporation and Continental Casualty Company and all other interested parties to appear and show cause why the Pound Ranch "B" Well No. 27 located in Unit B of Section 27, Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

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CASE 5005: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Pettus and Associates and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Pettus and Associates, Don Stock Well No. 1 located in Unit E of Section 3, Township 29 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5006: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Aztec Oil and Gas Company and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Southeast Cha Cha Unit Well No. 1 located in Unit M of Section 32, Township 29 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4989: (Continued from the June 6, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment of the general rules governing prorated gas pools in Northwest and Southeast New Mexico as promulgated by Order No. R-1670, as amended. Rule 15 of the aforesaid general rules would be amended to provide that if a well is overproduced in an amount exceeding six times its average monthly allowable for the preceding twelve months (or, in the case of a newly connected well or a well in a newly prorated pool, six times its average monthly allowable for the months available), it shall be shut in during that month and each succeeding month until it is overproduced in an amount less than six times its average monthly allowable, as determined above.

Rule 15 would be further amended to permit the Secretary-Director of the Commission to grant a pool-wide moratorium of up to three months on the shutting in of gas wells during periods of high demand emergency if a significant number of the wells in the pool are subject to being shut in.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

June , 1973

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMUJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Alex J. Armijo
Commissioner of Public Lands
State of New Mexico
Santa Fe, New Mexico

**RE: CASE NUMBER 4990 Application of Thriftway
Company for Preference in Sale of Royalty Oil**

Dear Sir:

The Oil Conservation Commission received an application dated March 29, 1973, from Thriftway Company ~~for Determination of Eligibility~~ for Preference in the Sale of Royalty Oil.

Thriftway Company filed with the New Mexico Oil Conservation Commission documents purporting to show that it is a petroleum refinery within the state unable to purchase in the open market at prevailing prices an adequate supply of refinery charge stocks of a quality to meet the needs of its existing petroleum refinery capacity.

Public Notice was given of the aforesaid application and filing of supporting documents, and objection to said application and supporting documents was received within 15 days after publication of the notice, whereupon the matter was set and came on for public hearing on June 20, 1973.

The Commission, a quorum being present, having considered the application, supporting documents, and the evidence adduced at the hearing, and being fully advised in the premises, finds that the Thriftway Company is a bona fide small business enterprise operating an oil refinery in the State of New Mexico; that said refinery is unable to purchase in the open market at prevailing prices an adequate supply of refinery charge stocks of a quality to meet the needs of its existing refinery capacity; and that the Thriftway Company is eligible to be granted a preference for the purchase of royalty oil.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

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

S E A L
dr/

Case 4990 - Thriftway

testimony re: forms filed w/ oca
by refineries:

1. What authority does the Oil Conservation Commission exercise over refineries?
2. For what purpose are these forms used?
3. Heard comments concerning sufficiency. Were these reports ^{Thriftway} deficient when reviewed?
4. Were the reports of just Thriftway insufficient or were the reports of other operators lacking in certain respects?
5. What action has the commission taken to correct this situation?

* 2779 → 4000 b.p.d.
question of burden of proof
disagreement

question - here existing reports
— availability

Jack Felt
Jerry Clayton -
Crude Oil

March 1975 21,885 bbls

~~water~~ wants full capacity - since
can't get at current price
<alternative>
difference between what it can
get and capacity.

<desell etc. — use for blending —
not, therefore, a refinery charge
stock>

Bureau of Mines — supplies
estimates of capacities.

What is ~~foreign~~ O + G Journal — takes figures
from applications for
foreign crude.

What is this based

API — O + G Digest
figures of plant capacity
750 barrels ±

What is ~~foreign~~ capacity

* DON'T CERTIFY ANY
CERTAIN AMOUNT

1990 - Shiftway

Graham - Shiftway

Eden - Samaris

Coolidge - Plateau - insufficient reports

want to qualify

also for a preference.

Saul Eden -

objection to proceedings. -

raw material - refinery

monthly reports are

not before the commission.

- revised reports. -

challenged -

1. insufficiency - brought
out in testimony

2. challenge figures -
goes to existing
refining capacity

* < revised reports - and
previous ones. >

- Ed Graham -

overrule - objection of Samaris

Code —
Index of — Federal oil
programs.

1500 hours per day
— application.

Summary of Oil Conservation Commission statutory authority in determining eligibility for preference in the purchase of royalty oil.

"7-11-61. APPLICATION FOR PREFERENCE IN SALE OF ROYALTY OIL - REQUIREMENTS --. A petroleum refinery within the state unable to purchase in the open market at prevailing prices an adequate supply of refinery charge stocks of a quality to meet the needs of its existing petroleum refinery capacity may file an application and supporting documents with the Oil Conservation Commission. Such application shall be filed in triplicate and must be accompanied by a detailed statement containing the following information:"

1. full name and address of applicant,
2. location of refinery,
3. complete disclosure of applicant's affiliation or association with any other petroleum refiner,
4. reason applicant believes that it is entitled to the preference,
5. a full showing of efforts made to purchase refinery charge stocks in open market,
6. capacity of refinery to be supplied and amount required,
7. source and grade of all refinery charge stocks currently available to applicant by purchase,
8. minimum amount and grade of additional refinery charge stocks needed to meet existing refinery commitments or existing refinery capacity,
9. fields applicants believe offer a potential source of refinery charge stocks supply because of proximity to its refinery,
10. the available transportation facilities which the refiner proposes to utilize.

7-11-62. GRANT OF PREFERENCE BASED UPON APPLICATION. The Commission is charged with the responsibility of determining if the application is adequate and satisfactory -- when the Commission is satisfied that the applicant is qualified for the preference within the intent of the law -- it shall notify the Commissioner of Public Lands in writing that the applicant is eligible to be granted a preference under this act.

leases issued by the commissioner of public lands subsequent to the effective date of this act and the owners of any oil and gas lease heretofore issued by the commissioner of public lands and maintained in good standing according to the terms and conditions thereof and all applicable statutes and regulations may, in accordance with regulations prescribed by the commissioner of public lands, enter into a stipulation making the terms and conditions of the lease form prescribed by this act a part of any such existing lease, the same as if said lease form had been the original; Provided, however, that no such stipulation shall be effective or binding on any of the parties until each and every working interest owner and record owner of the original lease or, approved assignment thereof has signed said stipulation.

History: Laws 1967, ch. 189, § 2.

Repealing Clause.

Compiler's Notes.

Laws 1967, ch. 189 contained no effective date.

Section 3 of ch. 189, Laws 1967 repealed 7-11-3.1.

7-11-9. Rental—Limits—First year—Rental districts, etc.

Cross-References.

Delinquent payments, interest on, 7-1-2.1:

7-11-52. Rules—Regulations—Record—Filing with Supreme Court librarian.

Compiler's Notes.

Sections 4-10-13 through 4-10-19, cited in the parent volume, were repealed by

Laws 1967, ch. 275, § 13. For present provisions, see 71-7-1 to 71-7-10.

7-11-56. Validation of oil and gas leases—1967 act.—All oil and gas leases issued by the commissioner of public lands prior to the effective date of this act [section] are declared to be valid and existing contracts with the state according to their terms and provisions where:

- A. made in substantial conformity with law;
- B. the terms have not expired;
- C. all rentals have been paid and accepted by the commissioner of public lands; and
- D. the leases have not been canceled by the commissioner of public lands for nonperformance by the lessee or any assignee.

The obligations of the state and the commissioner to observe and conform to the terms and provisions of these leases are recognized.

History: Laws 1967, ch. 13, § 1.

Title of Act.

Compiler's Notes.

Laws 1967, ch. 13, contained no effective date.

The bracketed word "section" was inserted by the compiler.

An act relating to oil and gas leases issued by the commissioner of public lands; validating certain leases issued by the commissioner.—Laws 1967, ch. 13.

7-11-57. Royalties paid in oil—Sale of—Purpose of act.—The purpose of this act [7-11-57 to 7-11-63] is to assist small business enterprise within the state by encouraging the establishment and operation of petroleum refineries not having an adequate supply of refinery

charge stocks through granting a preference to such petroleum refineries in the sale of state royalty oil accruing from public land oil and gas leases.

History: Laws 1967, ch. 34, § 1.

Title of Act.

An act relating to public lands; providing for sale of royalties paid in oil; requiring oil conservation commission

to determine whether in-state petroleum refineries entitled to preference; and authorizing commissioner of public lands to regulate and conduct such sales.—Laws 1967, ch. 34.

7-11-58. Definitions.—As used in this act [7-11-57 to 7-11-63]:

A. "Refinery charge stocks" means crude oils, petroleum or gas condensates, and blends thereof and all other products charged or chargeable to petroleum refinery facilities; and

B. "Royalty oil" means crude oil, liquid petroleum products, condensates from wells or lease plants, or a mixture thereof.

C. "Small business" means an independently owned and operated concern primarily engaged in petroleum refining when it does not have more than thirty thousand [30,000] barrels per day of crude oil capacity from owned or leased facilities.

History: Laws 1967, ch. 34, § 2.

7-11-59. Payment of royalties of the state in oil on demand.—All royalties accruing to the state under any oil or gas lease or permit under sections 7-11-1 through 7-11-55 New Mexico Statutes Annotated, 1953 Compilation, shall be paid in royalty oil on demand of the commissioner of public lands.

History: Laws 1967, ch. 34, § 3.

7-11-60. Sale of state oil royalties—Preference—Authority of commissioner.—A. Upon granting any oil or gas lease upon public lands in the state, and during the term of any existing lease, the commissioner of public lands may offer for sale from time to time, for such period as he may determine, by competitive bidding, upon notice and advertisement on sealed bids, a portion or all of the royalty oil accruing or reserved to the state under such leases. Such advertisement and sale shall reserve to the commissioner of public lands the right to reject all bids whenever in his judgment the interest of the state demands. In cases where no satisfactory bid is received or where the accepted bidder fails to complete the purchase or where the commissioner of public lands shall determine that it is unwise in the public interest to accept the offer of the highest bidder, the commissioner of public lands, within his discretion, may readvertise such royalty oil for sale, sell it at a private sale at not less than the market price for such period or accept the cash value thereof from the lessee.

B. The sale of state royalty oil by the commissioner of public lands in accordance with subsection A of this section shall be subject to the following provisions:

(1) The commissioner of public lands, when a determination has been made by the oil conservation commission that sufficient supplies of refinery charge stocks are not available on the open market to refineries within the state which do not have an adequate source of

supply for refinery charge stocks, shall grant preferences to such petroleum refineries in the sale of royalty oil under the provisions of this section, for processing or use in such petroleum refineries but not for resale in kind; Provided, however, that agreements providing for the exchange of refinery charge stocks purchased under this act for other refinery charge stocks on a volume or equivalent value basis will not be construed as constituting a resale in kind prohibited by this act [7-11-57 to 7-11-63]. Where an exchange agreement has been entered into or is contemplated with regard to royalty oil available for sale, full information relative thereto must be furnished either at the time of filing applications to purchase royalty oil or with the submission of a bid.

(2) The commissioner of public lands may sell to petroleum refineries located in the state and not having their own source of supply of refinery charge stocks, at private sale at not less than the market price, any royalty oil accruing or reserved to the state under oil and gas leases upon public lands, provided:

(a) that in selling such royalty oil the commissioner may, at his discretion, prorate such royalty oil among refineries;

(b) that pending the making of a permanent contract for the sale of any royalty oil, as herein provided, the commissioner of public lands may sell the current product at private sale, at not less than the market price;

(c) the commissioner shall assess a fee not to exceed the actual additional cost, if any, of administering the procedures under this act, which fee shall be assessed against the purchaser of the royalty oil; and

(d) in no instance shall the additional trucking charges caused by a change in purchaser and a subsequent change in the method of oil delivery or trucking distance be allowed to decrease the value of the royalty oil or the taxes assessed against such oil.

History: Laws 1967, ch. 34, § 4.

7-11-61. Application for preference in sale of royalty oil—Requirements.—A petroleum refinery within the state unable to purchase in the open market at prevailing prices an adequate supply of refinery charge stocks of a quality to meet the needs of its existing petroleum refinery capacity may file an application and supporting documents with the oil conservation commission. Such application shall be filed in triplicate and must be accompanied by a detailed statement containing the following information:

A. the full name and address of the applicant; the location of the petroleum refinery; a complete disclosure of applicant's affiliation or association with any other petroleum refiner of oil if such relationship exists; and reasons for believing that applicant is entitled to a preference under this act [7-11-57 to 7-11-63], including a full showing of efforts made to purchase refinery charge stocks in the open market;

B. the capacity of the refinery to be supplied and the amount, source and grade of all refinery charge stocks currently available to the applicant petroleum refiner by purchase; and

C. the minimum amount and grade of additional refinery charge stocks needed to meet existing refinery commitments or existing refinery capacity, the field or fields which the petroleum refiner believes offer a potential source of refinery charge stocks supply because of proximity to its refinery, and the available transportation facilities which the refiner proposes to utilize.

History: Laws 1967, ch. 34, § 5.

7-11-62. Grant of preference based upon application.—The oil conservation commission shall examine each application from petroleum refineries within the state requesting a preference and where it finds that the showing submitted is inadequate or unsatisfactory, it shall so notify the applicant and shall require such additional showing as it deems necessary. Upon being satisfied that the applicant is a bona fide small business enterprise operating an oil refinery in this state within the intent of this act [7-11-57 to 7-11-63], the oil conservation commission shall notify the commissioner of public lands in writing that the applicant is eligible to be granted a preference under this act, for the purchase of royalty oil.

History: Laws 1967, ch. 34, § 6.

7-11-63. Advertising for bids—Priority of bidders—Award of oil.—

A. Where the commissioner of public lands elects to offer royalty oil for sale, the royalty oil will be advertised for sale in designated newspapers or periodicals of general circulation in the state in accordance with regulations to be promulgated by the commissioner. The notice will set the day and hour on which sealed bids will be received in the office of the commissioner of public lands, and will contain the terms and conditions of sale. The notice will be published at the expense of the state.

B. Bids may be submitted regardless of whether or not a preference is asserted pursuant to the preceding section of this act [7-11-57 to 7-11-63]. Where such preference is asserted, bids must be accompanied by the showing required in the application under this act. Bidders asserting a preference and found properly entitled thereto will receive priority over bidders who have no preference where the bids are made for the same royalty oil.

C. The commissioner of public lands shall consider all bids submitted and shall award the oil as follows:

(1) where none of the bidders for the same royalty oil is properly entitled to a preference, the royalty oil will be awarded to the qualified bidder offering the highest price therefor in accordance with the specifications governing the sale;

(2) where two [2] or more bidders for the same royalty oil are properly entitled to a preference, the oil will be awarded to the preferred bidder offering the highest price therefor in accordance with the specifications governing the sale; and

(3) where two [2] or more identical bids are received for the same royalty oil from bidders properly entitled to a preference, the commis-

sioner reserves the right to prorate the royalty oil among the bidders in such amounts as he may deem equitable, or if it is not practicable to prorate the royalty oil, to award it to one of such bidders by public drawing after notice to the bidders who submitted the identical bids.

D. In connection with the sale of royalty oil under this act, the commissioner of public lands reserves the right to reject all bids and sell the oil or any portion thereof at private sale to any petroleum refinery entitled to a preference at not less than the market price whenever in his judgment the spirit and intent of this act will be subserved thereby.

History: Laws 1967, ch. 34, § 7.

ARTICLE 13—ARCHAEOLOGY

7-13-1. Repealed.

Repeal.

This section (Laws 1921, ch. 202, § 1; C. S. 1929, § 134-1001; 1941 Comp., § 8-

1301), relating to office of the state archaeologist, was repealed by Laws 1968, ch. 13, § 1.

7-13-2 to 7-13-7. Repealed.

Repeal.

Sections 7-13-2 to 7-13-7 (Laws 1931, ch. 42, §§ 1 to 6; 1941 Comp., §§ 8-1302 to 8-1307), relating to the preservation of ruins and monuments of historical, arch-

aeological or scientific value and to the science commission of New Mexico, were repealed by Laws 1969, ch. 223, § 14. For present law, see 4-27-4 to 4-27-16.

ARTICLE 15—LEASE OF GEOTHERMAL RESOURCES ON STATE LANDS

Section

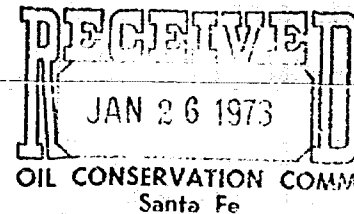
- 7-15-1. Short title.
- 7-15-2. Definitions.
- 7-15-3. Administration of act.
- 7-15-4. Geothermal resources of commercial value.
- 7-15-5. Leases—Applications—Limitations.
- 7-15-6. Known geothermal resources fields.
- 7-15-7. Leases—Terms.
- 7-15-8. Leases—Relinquishment.
- 7-15-9. Rent or royalties—Waiver—Suspension—Reduction.
- 7-15-10. Suspension of operation and production.
- 7-15-11. Leases—Duration.
- 7-15-12. Combining geothermal resources.
- 7-15-13. Re-injecting geothermal resources.
- 7-15-14. Co-operative development or operation.
- 7-15-15. Posting of open acreage—Simultaneous applications.
- 7-15-16. State land sales and leases—Reservations.
- 7-15-17. Use of the surface.
- 7-15-18. Bonds—Surface damage—Performance.
- 7-15-19. State lands—Jurisdictions.
- 7-15-20. General mining lease—Lease preference.
- 7-15-21. Transferability.
- 7-15-22. Inspection of records—Reports.
- 7-15-23. Violation of lease—Notice—Forfeiture.
- 7-15-24. Removing improvements upon termination of lease.
- 7-15-25. Regulations.
- 7-15-26. Withholding state lands from lease—Lease by competitive bids.
- 7-15-27. Public hearings.
- 7-15-28. Collateral assignment of leases.

7-15-1. Short title.—This act [7-15-1 to 7-15-28] may be cited as the "Geothermal Resources Act."

LAW OFFICES OF
PHILLIPS AND GRAHAM
116-118 SOUTH COMMERCIAL
P. O. BOX 1818
FARMINGTON, NEW MEXICO 87401

JOHN R. PHILLIPS, JR.
ROBERT H. GRAHAM

January 23, 1973



TELEPHONE 325-1755
AREA CODE 505

Case 4990

New Mexico Oil Conservation Commission
State Capitol
Santa Fe, New Mexico 87501

Re: Preference for purchase
of State Royalty Oil

Gentlemen:

This office has a client who desires to make application for a preference to purchase State Royalty Oil pursuant to §7-11-57 N.M.S.A. (1971 Poc. Supp.) et seq. Will you please provide me with whatever forms your office requires to be completed in this regard, and furnish me with any other information which you think will be desirable in prompt processing of the application.

Your prompt attention to this request will be appreciated since we desire to initiate the application for a preferential purchase immediately.

Very truly yours,

PHILLIPS AND GRAHAM

Robert H. Graham
Robert H. Graham

RHG:lw

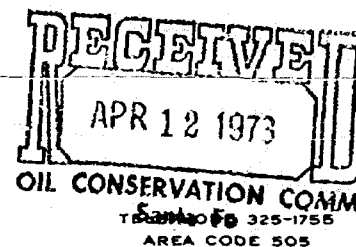
DOCKET MAILED

Date 6-7-73

LAW OFFICES OF
PHILLIPS AND GRAHAM
116-118 SOUTH COMMERCIAL
P. O. BOX 1818
FARMINGTON, NEW MEXICO 87401

JOHN R. PHILLIPS, JR.
ROBERT H. GRAHAM

April 10, 1973



Case 4990

Mr. A. L. Porter, Jr. and
Mr. Dan Nutter
Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Thriftway Company's Appli-
cation for Preference to
Purchase New Mexico State
Royalty Oil

Dear Messrs Porter and Nutter:

Pursuant to my telephone conversation of April 9, 1973, with
Mr. Bill Carr, I am submitting herewith the following:

- a. An Amended Page #2 to the Application.
- b. A copy of a telegram received this date from
John P. Redd, Engineer, to be attached to the
application as Exhibit D.

For your information an engineering study has been made of
the refinery by the following firm:

Redd and Redd, Consulting Engineers
345 West 1600 South
Salt Lake City, Utah 84107
AC801-487-0301

The attached telegram is from Redd and Redd Consulting Engineers.
The present capacity of the refinery with the existing equipment
which is now actually in operation is 2,000 barrels of oil per
day. Work has been in progress for approximately thirty (30)
days in the upgrading of present equipment and installation of
additional equipment. In another thirty (30) days we anticipate
that the capacity of the refinery will be 3,000 barrels per day
and within sixty (60) days from now the capacity will be 4,000
barrels per day. With this information at hand we sincerely
request that you promptly proceed with processing the appli-
cation. Should you feel that it is necessary to file a new
or additional application in the future under these circumstances
then we will be happy to comply. We are quite anxious, however,

Page #2
April 10, 1973
Messrs Porter and Nutter

to have the publication on our present application started as promptly as possible. Should there be any further information which you need, please do not hesitate to call me collect.

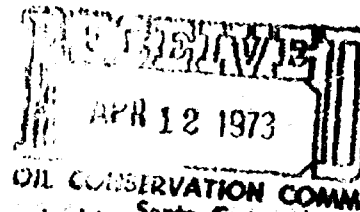
Very truly yours,

PHILLIPS AND GRAHAM

Robert H. Graham
Robert H. Graham

RHG:lw

cc: Thriftway Company



above cited act by virtue of the spirit and intent of the act to assist small business enterprise within the state by encouraging the establishment and operation of petroleum refineries not having an adequate supply of refinery charge stocks. Over a period of several months, applicant has made numerous attempts to purchase refinery charge stocks in the open market from owners, operators, lessees or purchasers of petroleum liquids. Copies of letters offering to purchase refinery charge stocks in the open market which were mailed to individuals or firms are attached hereto as Exhibits A-1 through A-29. Substantially all of these inquiries have remained unanswered. The meager responses which have been received in reply to these offers to purchase in the open market are attached hereto as Exhibits B-1 through B-3.

5. The capacity of the refinery to be supplied is 2,000 barrels of oil per day.

6. The source and grade of all refinery charge stocks currently available to the applicant petroleum refiner by purchase are:

<u>BBLs/DAY</u>	<u>GRADE</u>	<u>SOURCE</u>
797	Light Natural Liquids Gas Compressor Plants API Gravity 65° - 80°	El Paso Natural Gas Co. San Juan Oil Co.
851	Crude Oil API Gravity 58° and below	El Paso Natural Gas Co. Pioneer Production Co. Permian Corporation Shiprock Corporation
1648	TOTAL	

Of the above amount, approximately 762 barrels per day of "light natural liquids" available from San Juan Oil Company will be terminated on May 1, 1973. Evidence of this impending loss of refinery charge stocks is presented by Exhibit C hereto. Thus, as of May 1, 1973, the total amount of refinery charge stocks available to the applicant by purchase on the open market will be only 886 barrels per day.

AMENDED

Telegram

western union

Telegram

.50(1

WU AGCY FARMTON

B050(1306)(2-084395E100)PD 04/10/73 1306

ICS IPMRNCZ CSP

8014870301 TDRN SALT LAKE CITY UT 28 04-10 0106P EST

PMS JERRY CLAYTON THRIFTWAY REFINING CO, DLR

2011 EAST MAIN ST

FARMINGTON NM 87401

BASED ON THE ONSIGHT INVENTORY OF EXHISTING PUMPS AND EQUIPMENT

THRIFTWAYS BLOOMFIELD REFINING PLANT WILL PROCESS 2,000 BARRELS

PER DAY OF CRUDE OIL

JOHN P REDD NEW MEXICO ENGINEERING REGISTRATION NUMBER 4081

EXHIBIT D

LAW OFFICES OF
PHILLIPS AND GRAHAM
116-118 SOUTH COMMERCIAL
P. O. BOX 1818
FARMINGTON, NEW MEXICO 87401

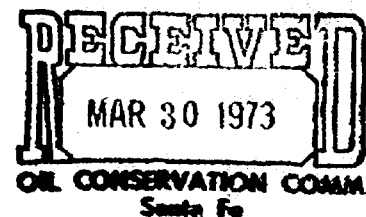
Can 4990

JOHN R. PHILLIPS, JR.
ROBERT H. GRAHAM

March 29, 1973

TELEPHONE 325-1755
AREA CODE 505

Mr. A. L. Porter, Jr., Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



Re: Thriftway Company's
Application for Preference
to Purchase State Royalty
Oil

Dear Mr. Porter:

This law firm represents Thriftway Company, a New Mexico corporation, who operates a petroleum refinery near Bloomfield, New Mexico. We present to you herewith in triplicate Thriftway's Application for a Preference to Purchase New Mexico State Royalty Oil. I sincerely request that you and your staff give this matter immediate attention since it appears that as of May 1, 1973, the available supplies of refinery charge stocks will be reduced to a level where it will become uneconomical to operate the refinery. We consider this matter urgent and of the utmost importance to Thriftway's ability to remain in operation.

I have made every endeavor to make the Application as complete as possible and in full compliance with the statutory provisions. At this writing, I intend to present the Application to you in person and hope to be able to review it with you. Should there develop any questions you and your staff may feel free to call me collect at any time. I sincerely hope that any delays in processing this Application, granting a preference and making the necessary publications can be held to an absolute minimum since time is of the utmost importance to my client. Therefore, if there is anything at all which I can do to expedite processing of this Application, I will be more than happy to assist you and your staff.

By copy of this letter, I am also contemporaneously furnishing Mr. Alex J. Armijo, Commissioner of Public Lands, a copy of

Page #2
March 29, 1973
Mr. A. L. Porter, Jr.

this Application in order that he and his staff may have an opportunity to review it while it is being initially processed in your office.

Very truly yours,

PHILLIPS AND GRAHAM

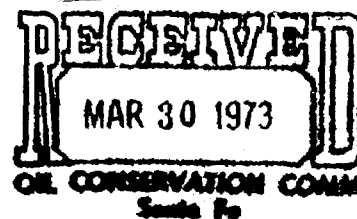
Robert H. Graham
Robert H. Graham

RHG:lw

Enclosures - Application (3)

cc: Mr. Alex J. Armijo w/enc.
cc: Thriftway Company w/enc.

March 29, 1973



Mr. A. L. Porter, Jr., Director
New Mexico Oil Conservation Commission
State Land Office
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 4990

and

Mr. Alex J. Armijo
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

APPLICATION FOR PREFERENCE TO PURCHASE NEW MEXICO
STATE ROYALTY OIL PURSUANT TO THE PROVISIONS OF
§7-11-57, N.M.S.A., 1953 COMP. (REPL. VOL. 2,
1971 POCKET SUPP.), ET. SEQ.

THRIFTWAY COMPANY, a New Mexico corporation, hereby makes its application pursuant to §7-11-57, N.M.S.A., 1953 Comp. (Repl. Vol. 2, 1971 Pocket Supp.), et. seq. for a preference to purchase New Mexico state royalty oil to operate its refinery situated in San Juan County, New Mexico.

1. The full name and address of the applicant is THRIFTWAY COMPANY, P. O. Box 1367, Farmington, New Mexico 87401. The principal office of the corporation is at 1808 East 24th Street, Farmington, New Mexico 87401. The applicant's refinery is located 2 miles South and 1 mile West of Bloomfield, New Mexico.

2. The applicant is a small business enterprise; it is an independently owned and operated concern primarily engaged in petroleum refining. Applicant does not have more than 30,000 barrels per day of crude oil capacity from owned or leased facilities.

3. The applicant does not have any affiliation or association with any other petroleum refiner of oil.

4. The applicant is entitled to a preference under the

above cited act by virtue of the spirit and intent of the act to assist small business enterprise within the state by encouraging the establishment and operation of petroleum refineries not having an adequate supply of refinery charge stocks. Over a period of several months, applicant has made numerous attempts to purchase refinery charge stocks in the open market from owners, operators, lessees or purchasers of petroleum liquids. Copies of letters offering to purchase refinery charge stocks in the open market which were mailed to individuals or firms are attached hereto as Exhibits A-1 through A-29. Substantially all of these inquiries have remained unanswered. The meager responses which have been received in reply to these offers to purchase in the open market are attached hereto as Exhibits B-1 through B-3.

5. The capacity of the refinery to be supplied is 4,000 barrels of oil per day.

6. The source and grade of all refinery charge stocks currently available to the applicant petroleum refiner by purchase are:

<u>BBLS/DAY</u>	<u>GRADE</u>	<u>SOURCE</u>
797	Light Natural Liquids Gas Compressor Plants API Gravity 65° - 80°	El Paso Natural Gas Co. San Juan Oil Co.
851	Crude Oil API Gravity 58° and below	El Paso Natural Gas Co. Pioneer Production Co. Permian Corporation Shiprock Corporation
1648	TOTAL	

Of the above amount, approximately 762 barrels per day of "light natural liquids" available from San Juan Oil Company will be terminated on May 1, 1973. Evidence of this impending loss of refinery charge stocks is presented by Exhibit C hereto. Thus, as of May 1, 1973, the total amount of refinery charge stocks available to the applicant by purchase on the open market will be only 886 barrels per day.

7. The minimum amount and grade of additional refinery charge stocks needed to meet existing refinery commitments and capacity are:

(a) 3,114 barrels of crude, distillate or condensate per day varying in A.P.I. gravity between 35° and 86°. The present commitments of the refinery approximate the refinery capacity. Since demand far exceeds output most of the refinery products are supplied to purchasers on an "as available" basis. Due to a shortage of refinery charge stocks, applicant is compelled to temporarily decline further orders for sales. The demand for refinery commitments are not static but are constantly increasing.

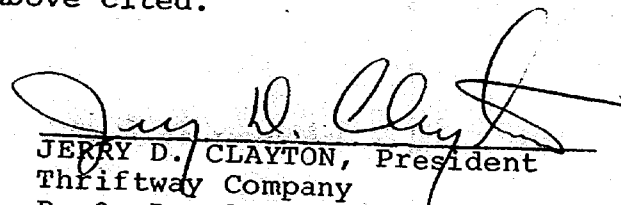
8. The field or fields which the applicant believes offer a potential source of refinery charge stock supply are:

<u>FIELD</u>	<u>COUNTY</u>
(a) Vacuum Abo-Reef	Lea County, N.M.
(b) Bagley penn.-North	Lea County, N.M.
(c) Empire-Abo	Lea County, N.M.
(d) Eunice-Monument (G-SA)	Lea County, N.M.
(e) Hobbs (G-SA)	Lea County, N.M.
(f) Langlie Mattix - Seven Rivers	Lea County, N.M.
(g) Vacuum-Grayburg San Andres	Lea County, N.M.
(h) Vacuum Abo-North	Lea County, N.M.
(i) Vacuum Glorieta	Lea County, N.M.

9. Information furnished by the Oil Conservation Commission and the State Land Office indicates there are approximately only 168 barrels per day of New Mexico state royalty oil available in the entire northwestern region of New Mexico. This northwestern New Mexico supply of state royalty oil is grossly inadequate to meet the needs of the applicant. Applicant plans to trade crude or condensate


which is available in southeastern New Mexico for other refinery charge stocks available in northwestern New Mexico on either a volume or equivalent value basis in accordance with the provisions of §7-11-60, N.M.S.A., 1953 Comp. (Repl. Vol. 2, 1971 Pocket Supp.). Thus, after trade, the applicant's supply would be available in northwestern New Mexico and can be transported by common carrier. Several common carrier pipelines pass within less than one mile of applicant's refinery. Additionally, common carrier trucks are available in the area. A Letter of Intent from at least one major oil company will be submitted in the near future establishing negotiations to trade northwestern New Mexico crude and condensate for southeastern New Mexico crude. Full information concerning exchange agreements, either contemplated or which have been entered into can be furnished at the time of the submission of the bid to purchase state royalty oil.

Applicant respectfully requests that the Oil Conservation Commission of the State of New Mexico immediately proceed with its processing of this application and promptly grant a preference to the applicant for the purchase of New Mexico state royalty oil in accordance with the spirit and intent of the legislative acts hereinabove cited.


JERRY D. CLAYTON, President
Thriftway Company
P. O. Box 1367
Farmington, New Mexico 87401

VERIFICATION

Jerry D. Clayton, President of Thriftway Company, Farmington, New Mexico, hereby verifies that the documentation included in the foregoing application of Thriftway Company


JERRY D. CLAYTON, President
Thriftway Company
P. O. Box 1367
Farmington, New Mexico 87401

The foregoing instrument was acknowledged before me
this 29th day of March, 1973.

R. H. Graham
Notary Public

May 14, 1923

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Amoco Production Co.
P. O. Box 591
Tulsa, Oklahoma 74102

Attn: Mr. D. L. Wolfe, Vice President Oil Purchases & Sales
Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		POSTMARK OR DATE
Amoco Production Co.		
STREET AND NO.		
P. O. Box 591		
P.O., STATE AND ZIP CODE		
Tulsa, Oklahoma 74102		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		

PS Form 3800
Apr. 1971

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See other side)
* GPO: 1970 O-307-400

No. 119915

Exhibit A 1

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

Received the numbered article described below

REGISTERED NO.

CERTIFIED NO.

INSURED NO.

DATE DELIVERED

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Formington, New Mexico 87401

Office: 505/325-1278

Refinery: 505/632-2879

February 9, 1973

Skelly Oil Co.
P. O. Box 1650
Tulsa, Oklahoma 74102

Attn: Mr. J. B. Sleeper

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage.

SENT TO		POSTMARK OR DATE
Skelly Oil Co.		
STREET AND NO.		
P. O. Box 1650		
P.O., STATE AND ZIP CODE		
Tulsa, Oklahoma 74102		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)		
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO: 1970 O-397-488		

No. 119889

Exhibit A-2

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

119889

SKELLY BOX 1650

INSURED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED

SHOW WHERE DELIVERED (only if requested)

C. J. Frank

Thriftway

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Northwest Production Corp.
202 Petroleum Plaza
Farmington, New Mexico 87401

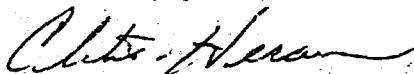
Attn: Mr. Charles E. Werner

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,



Cletis Heron
Vice-President Refining Division

CH:lc

No. 119893

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

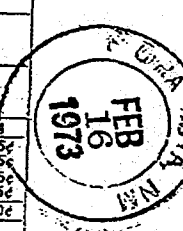
SENT TO		POSTMARK OR DATE
Northwest Production Corp.		
STREET AND NO.		
202 Petroleum Plaza		
P.O., STATE AND ZIP CODE		
Farmington, New Mexico 87401		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form 3800 NO INSURANCE COVERAGE PROVIDED— Apr. 1971 NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970-387-400		

Exhibit A-4

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

INSURED NO.

DATE DELIVERED

Northwest Production
SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
Charles E. Werner
SIGN WHERE DELIVERED (only if required)

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Shar Alan Oil Corporation
4101 East Louisiana Avenue
Denver, Colorado 80222

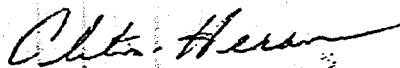
Attn: Mr. Alan E. Schoen, Vice-President

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,



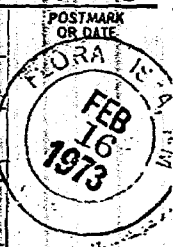
Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	Shar Alan Oil Corporation
STREET AND NO.	4101 East Louisiana Avenue
P.O., STATE AND ZIP CODE	Denver, Colorado 80222
OPTIONAL SERVICES FOR ADDITIONAL FEES	
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢
	2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢
DELIVER TO ADDRESSEE ONLY	50¢
SPECIAL DELIVERY (extra fee required)	

PS Form 3800 NO INSURANCE COVERAGE PROVIDED—
Apr. 1971 NOT FOR INTERNATIONAL MAIL (See other side)
* GPO: 1970 O-397-084



No. 119891

Exhibit A-3

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

DELIVERED NO.

RECEIVED

BY (Name)

SHOW WHEN RECEIVED (Only if required)

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632 2879

February 9, 1973

Shar Alan Oil Corporation
4101 East Louisiana Avenue
Denver, Colorado 80222

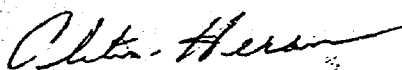
Attn: Mr. Alan E. Schoen, Vice-President

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

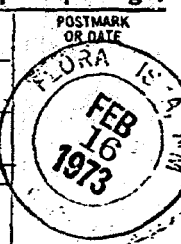


Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	
Shar Alan Oil Corporation	
STREET AND NO.	
4101 East Louisiana Avenue	
P.O., STATE AND ZIP CODE	
Denver, Colorado 80222	
OPTIONAL SERVICES FOR ADDITIONAL FEES	
RETURN	1. Shows to whom and date delivered 15¢
RECEIPT	With delivery to addressee only 65¢
SERVICES	2. Shows to whom, date and where delivered 35¢
	With delivery to addressee only 85¢
DELIVER TO ADDRESSEE ONLY 50¢	
SPECIAL DELIVERY (extra fee required)	



PS Form 3800 NO INSURANCE COVERAGE PROVIDED—
Apr. 1971 NOT FOR INTERNATIONAL MAIL (See other side)
• GPO: 1970 O-297-498

No. 119891

Exhibit A.3

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

119891

DATE OF DELIVERY

DATE OF DELIVERY

DATE WHEN DELIVERED (only if requested)

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Pubco Petroleum Corp.
P. O. Box 869
Albuquerque, New Mexico

Attn: Mr. James C. Johnson, Vice-President Production
Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron
Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		POSTMARK OR DATE
Pubco Petroleum Corp.		
STREET AND NO.		
P. O. Box 869		
P.O., STATE AND ZIP CODE		
Albuquerque, New Mexico		
ADDITIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side) Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO: 1970-297-498		

No. 119894

Exhibit A-5

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	SHOW WHERE DELIVERED (only if requested)
119894	

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Caulkins Oil Co.
2100 Colorado State Bank Bldg.
Denver, Colorado

Attn: Mr. A. F. Holland, Production Manager

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	CAULKINS OIL CO.	POSTMARK OR DATE	
STREET AND NO.	2100 COLORADO STATE BANK BLDG.		
P.O., STATE AND ZIP CODE	DENVER, COLORADO		
OPTIONAL SERVICES FOR ADDITIONAL FEES			
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢	
	With delivery to addressee only	65¢	
	2. Shows to whom, date and where delivered	35¢	
	With delivery to addressee only	85¢	
DELIVER TO ADDRESSEE ONLY		50¢	
SPECIAL DELIVERY (extra fee required)			

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO: 1970 O-367-488

Exhibit A-6

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 119895	<i>Caulkins Oil Co.</i>
INSURED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
DATE DELIVERED	<i>Marion R. Allen</i>
	SHOW WHERE DELIVERED (only if requested)

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Petroleum Consultants, Inc.
1420 Carlisle N. E.
Albuquerque, New Mexico 87110

Attn: Mr. Lewis C. Jameson, Vice-President

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	Petroleum Consultants, Inc.
STREET AND NO.	1420 Carlisle N. E.
P.O., STATE AND ZIP CODE	Albuquerque, New Mexico 87110
OPTIONAL SERVICES FOR ADDITIONAL FEES	
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢
DELIVER TO ADDRESSEE ONLY	50¢
SPECIAL DELIVERY (extra fee required)	



PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970 O-387-400

No. 119892

Exhibit A-7

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 119892	<i>Petroleum Consultants</i> SHOW WHERE DELIVERED (only if required) <i>by Helen Jameson</i>
INSURED NO.	
DATE DELIVERED	

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Southern Union Production Co.
Suite 1200 Campbell Center
8350 N. Central Expressway
Dallas, Texas 75201

Attn: Mr. Len Muennink, Vice-President

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		POSTMARK OR DATE
Southern Union Production Co.		
Suite 1200 Campbell Center		
8350 N. Central Expressway		
Dallas, Texas 75201		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO: 1970 O-387-400

No. 119888

Exhibit A-8

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

DATE OF RECEIPT (if different from date of mailing)

RECEIVED NO.

RECEIVED NO.

RECEIVED NO.

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Continental Oil Co.
Box 2197
Houston, Texas 77001

Attn: Crude Oil Purchasing & Sales Dept.

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO Continental Oil Co.		POSTMARK OR DATE FEB 14 1973
STREET AND NO. P. O. Box 2197		
P.O., STATE AND ZIP CODE Houston, Texas 77001		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	25¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED— (See other side)
NOT FOR INTERNATIONAL MAIL * GPO: 1970-397-488

No. 119900

Exhibit A.9

SERVICE(S) INDICATED BY CHECKED BLOCK(S).	
REQUIRED FEE(S) PAID.	Deliver ONLY to addressee
Show to whom, date and address	
Return to sender if article not delivered	
NO POSTAGE REQUIRED IF MAILED IN THE UNITED STATES	

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Farmington, New Mexico 87401

Office: 505/325-1278

Refinery: 505/632-2879

February 9, 1973

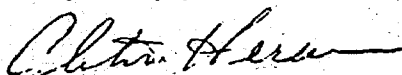
Dyna Ray Oil & Gas Co., Inc.
4101 East Louisiana Avenue
Denver, Colorado 80222

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

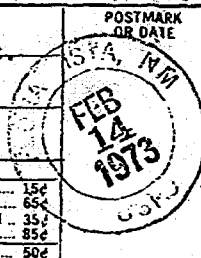
Very truly yours,



Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		POSTMARK OR DATE
Dyna Ray Oil & Gas Co., Inc.		
STREET AND NO.		
4101 East Louisiana Avenue		
P.O., STATE AND ZIP CODE		
Denver, Colorado 80222		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		

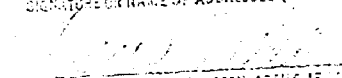
PS Form 3800
Apr. 1971

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See other side)
* DPO: 1970-0-267-400

No. 119903

Exhibit A-10

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT	
Received the numbered article described below.	
SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)	
	

2-14-73

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

3011 East Main Street

Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Exploration Drilling Co.
1909 First National Bank Bldg.
Tulsa, Oklahoma 74103

Attn: Mr. Robert W. Berry, President

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	Exploration Drilling Co.
STREET AND NO.	1909 First National Bank Bldg.
P.O., STATE AND ZIP CODE	Tulsa, Oklahoma 74103
OPTIONAL SERVICES FOR ADDITIONAL FEES	
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢
DELIVER TO ADDRESSEE ONLY	50¢
SPECIAL DELIVERY (extra fee required)	
PS Form 3800 Apr. 1971	NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL

(See other side)
* GPO: 1970 O-307-486

No. 119904

Exhibit A-11

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	
DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Gray Management Service Co.
2501 Cedar Springs Rd.
Dallas, Texas 75201

Attn: Mr. R. R. Pendley, Vice-President & Manager

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

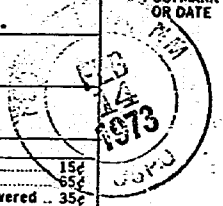
Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO Gray Management Service Co.		POSTMARK OR DATE 
STREET AND NO. 2501 Cedar Springs Road		
P.O., STATE AND ZIP CODE Dallas, Texas 75201		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢ 55¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢ 85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 NO INSURANCE COVERAGE PROVIDED—
Apr. 1971 NOT FOR INTERNATIONAL MAIL (See other side)
* GPO: 1970 O-367-486

No. 119906

Exhibit A-12

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	SHOW WHERE DELIVERED (only if requested)
DATE FEB 16 1973	

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Humble Oil & Refining Co.
P. O. Box 120
Denver, Colorado 80201

Attn: Mr. Roy Dorrough

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

No. 119907

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO Humble Oil & Refining Co.		POSTMARK OR DATE FEB 14 1973
STREET AND NO. P. O. Box 120		
P.O., STATE AND ZIP CODE Denver, Colorado 80201		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970 O-307-466

Exhibit A-13

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in) Humble Oil & Refining Company
CERTIFIED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY <i>E. F. Heron</i>
INSURED NO.	SHOW WHERE DELIVERED (only if requested)
DATE DELIVERED	

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Mr. J. W. Holmes
Box 567
Amarillo, Texas 79111

Dear Mr. Holmes:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

No. 119908

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

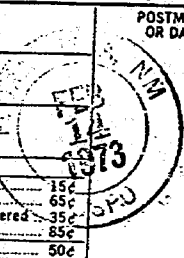
SENT TO		POSTMARK OR DATE
Mr. J. W. Holmes		
STREET AND NO.		
Box 567		
P.O., STATE AND ZIP CODE		
Amarillo, Texas 79111		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970 O-397-408		

Exhibit A-14

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT	
Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	<i>J. W. Holmes</i>
INSURED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
	<i>Deborah Graves</i>
DATE OF MAIL	SHOW WHERE DELIVERED (only if required)

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Kerr McGee Corporation
Kerr McGee Bldg.
Oklahoma City, Oklahoma 73102

Attn: Mr. B. G. Taylor, Vice-President Oil & Gas Prod. Div.

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

No. 119909

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	Kerr McGee Corporation	POSTMARK OR DATE	FEB 14 1973
STREET AND NO.	Kerr McGee Bldg.		
P.O., STATE AND ZIP CODE	Oklahoma City, Oklahoma 73102		
OPTIONAL SERVICES FOR ADDITIONAL FEES			
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢ 65¢	
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢ 85¢	
DELIVER TO ADDRESSEE ONLY 50¢			
SPECIAL DELIVERY (extra fee required)			
PS Form 3800 Apr. 1971	NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970 O-397-488		

Exhibit A-15

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee

RECEIPT Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	KERR-McGEE OIL INDUSTRIES INC.
	OKLA CITY, OKLA 73105
	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
DATE DELIVERED	<i>[Signature]</i>
	SHOW

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Formington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Marathon Oil Co.
Box 120
Casper, Wyoming 82601

Attn: Mr. W. K. Deischer, Oil & Gas Sales

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

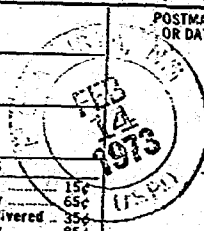
Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		Marathon Oil Co.	
STREET AND NO.		Box 120	
P.O., STATE AND ZIP CODE		Casper, Wyoming 82601	
OPTIONAL SERVICES FOR ADDITIONAL FEES			
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢	
	With delivery to addressee only	65¢	
	2. Shows to whom, date and where delivered	35¢	
	With delivery to addressee only	85¢	
DELIVER TO ADDRESSEE ONLY		50¢	
SPECIAL DELIVERY (extra fee required)			

PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) A GPO: 1970 O-307-483

No. 119911

Exhibit A-16

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filed in)

CERTIFIED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

INSURED NO.

POSTAGE PAID

SEE OTHER SIDE FOR DETAILS

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

A. A. A. Fishing & Rental Tool Co., Inc.
Box 1281
Farmington, New Mexico 87401

Attn: Mr. C. E. McClelland

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		POSTMARK OR DATE
A.A.A. Fishing & Rental Tool Co., Inc.		FEB 14 1973
STREET AND NO.		
Box 1281		
P.O., STATE AND ZIP CODE		
Farmington, New Mexico 87401		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form 3800	NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL	
Apr. 1971	(See other side) * GPO: 1970 O-357-458	

No. 119912

Exhibit A-17

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (This must always be filled in)

CERTIFIED NO.

INSURED NO.

DATE DELIVERED

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

2-15-73

Thriftway

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Amerada Hess Corp.
P. O. Box 2040
Tulsa, Oklahoma 74102

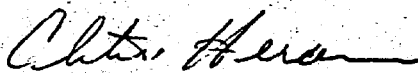
Attn: Mr. L. A. Stricklin, Vice President - Prod. Dept.

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

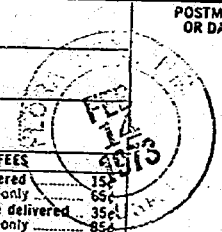


Cletis Heron
Vice-President Refining Division

CH:lc

No. 119913

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		POSTMARK OR DATE
Amerada Hess Corp.		
STREET AND NO.		
P. O. Box 2040		
P.O., STATE AND ZIP CODE		
Tulsa, Oklahoma 74102		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970 O-307-498

Exhibit A-18

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

B. C. O., Inc.
P. O. Box 669
Santa Fe, New Mexico

Attn: Mr. Harry R. Rigbee

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	B. C. O., Inc.	POSTMARK OR DATE
STREET AND NO.	P. O. Box 669	
P.O., STATE AND ZIP CODE	Santa Fe, New Mexico 87501	
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢ 65¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢ 85¢
DELIVER TO ADDRESSEE ONLY		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970 O-327-122

No. 119905

Exhibit A-19

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee

RECEIPT

I received the numbered article described below.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Farmington, New Mexico 87401

Office: 505/325-1278

Refinery: 505/632-2879

February 9, 1973

Blackwood & Nichols Co.
P. O. Box 1237
Durango, Colorado 81301

Attn: Mr. DeLasso Loos, Production Superintendent

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

No. 119896

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	Blackwood & Nichols Co.	POSTMARK OR DATE	FEB 14 1973
STREET AND NO.	P. O. Box 1237		
P.O., STATE AND ZIP CODE	Durango, Colorado 81301		
OPTIONAL SERVICES FOR ADDITIONAL FEES			
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢	
	With delivery to addressee only	55¢	
	2. Shows to whom, date and where delivered	35¢	
	With delivery to addressee only	85¢	
DELIVER TO ADDRESSEE ONLY		50¢	
SPECIAL DELIVERY (extra fee required)			

PS Form 3800
Apr. 1971

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See other side)
* GPO: 1970 O-397-450

Exhibit A-20

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

INSURED NO.

DATE DELIVERED

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

Thrift way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Farmington, New Mexico 87401

Office: 505/325-1278

Refinery: 505/632-2879

February 9, 1973

Mr. Tom Bolack
1010 N. Dustin Avenue
Farmington, New Mexico 87401

Dear Mr. Bolack:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	POSTMARK OR DATE
Mr. Tom Bolack	
STREET AND NO.	
1010 N. Dustin Avenue	
P.O., STATE AND ZIP CODE	
Farmington, New Mexico 87401	
OPTIONAL SERVICES FOR ADDITIONAL FEES	
1. Shows to whom and date delivered	16¢
With delivery to addressee only	65¢
2. Shows to whom, date and where delivered	35¢
With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY	50¢
SPECIAL DELIVERY (extra fee required)	

PS Form 3900
Apr. 1971

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See other side)
* GPO: 1970 O-397-436

No. 119897

Exhibit A-21

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

Tom Bolack
SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

INSURED NO.

DATE DELIVERED

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS
2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Byron Oil Industries
119 Bellechasse Dr.
Chester Field, Mo. 63017

Attn: Mr. Alan J. Byron

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		POSTMARK OR DATE
Byron Oil Industries		FEB 14 1973
STREET AND NO.		
119 Bellechasse Dr.		
P.O., STATE AND ZIP CODE		
Chester Field, Missouri 63017		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side) Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO: 1970-397-600		

No. 119899

Exhibit A-22

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S).
REQUIRED FEE(S) PAID.

☐ Show to whom, date and address where delivered

☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	<i>Alan J. Byron</i>
INSURED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
DATE DELIVERED	SHOW WHERE DELIVERED (only if requested)

2-14-13

Thriftway

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Benson, Montin, Greer Drilling Corp.
501 Airport Drive
Farmington, New Mexico 87401

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

No. 119918

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	
Benson, Montin, Greer Drilling Corp.	
STREET AND NO.	
501 Airport Drive	
P.O., STATE AND ZIP CODE	
Farmington, New Mexico 87401	
OPTIONAL SERVICES FOR ADDITIONAL FEES	
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢
DELIVER TO ADDRESSEE ONLY 50¢	
SPECIAL DELIVERY (extra fee required)	
PS Form 3800 NO INSURANCE COVERAGE PROVIDED (See other side) Apr. 1971 NOT FOR INTERNATIONAL MAIL • GPO: 1970 O 297-486	

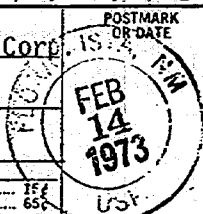


Exhibit A-23

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address where delivered ☐ Deliver ONLY to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	<i>Benson, Montin, Greer Drilling Corp.</i>
INSURED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
DATE DELIVERED	<i>Jo. B. B. B.</i>
SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)	

FEB 15 1973

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Farmington, New Mexico 87401

Office: 505/325-1278

Refinery: 505/632-2879

February 9, 1973

Aztec Oil & Gas
Drawer 570
Farmington, New Mexico 87401

Attn: Mr. Joe C. Salmon, Superintendent

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

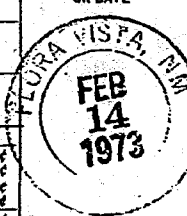
Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	Aztec Oil & Gas
STREET AND NO.	Drawer 570
P.O., STATE AND ZIP CODE	Farmington, New Mexico 87401
OPTIONAL SERVICES FOR ADDITIONAL FEES	
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢
DELIVER TO ADDRESSEE ONLY	50¢
SPECIAL DELIVERY (extra fee required)	

POSTMARK
OR DATE



PS Form 3800
Apr. 1971

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See other side)
* GPO: 1970 O-397-458

No. 119917

Exhibit A-24

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

CERTIFIED NO.

INSURED NO.

DATE DELIVERED

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

Thriftway

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Farmington, New Mexico 87401

Office: 505/325-1278

Refinery: 505/632-2879

February 9, 1973

Atlantic Richfield
P. O. Box 2819
Dallas, Texas

Attn: Mr. E. M. Benson, Jr.

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO	Atlantic Richfield	POSTMARK OR DATE
STREET AND NO.	P. O. Box 2819	
P.O., STATE AND ZIP CODE	Dallas, Texas	
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RET. IN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢ 65¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢ 65¢
DELIVER TO ADDRESSEE ONLY		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) • GPO: 19700-397-400

Exhibit A-25

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Show to whom, date and address
☐ Where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the number of article described below

SIGNATURE OF NAME OF ADDRESSEE (Must always be filled in)

ATLANTIC RICHFIELD COMPANY

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

LOCATION WHERE DELIVERED (Only if requested, and include ZIP Code)

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Sam G. Dunn Oil Operations
Box 3095
Lubbock, Texas 79410

Attn: Mr. Ray J. Diekamper, Jr.

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO: Sam G. Dunn Oil Operations		POSTMARK OR DATE FEB 14 1973
STREET AND NO. Box 3095		
P.O., STATE AND ZIP CODE Lubbock, Texas 79410		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only 35¢ 2. Shows to whom, date and where delivered With delivery to addressee only 85¢	
DELIVER TO ADDRESSEE ONLY 50¢		
SPECIAL DELIVERY (extra fee required)		
PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970 O-367-400		

No. 119901

Exhibit A-26

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFYING NO. 111111	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	SHOW WHERE DELIVERED (only if requested)
DATE DELIVERED FEB 14 1973	

Thrifty way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Formington, New Mexico 87401

Office: 505/325-1278

Refinery: 505/632-2879

February 9, 1973

Kimbell, Inc.
P. O. Box 1540
Fort Worth, Texas 76101

Attn: Mr. Ben J. Fortson, Vice President

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO Kimbell, Inc.		POSTMARK OR DATE FEB 14 1973 USPS
STREET AND NO. P. O. Box 1540		
P.O., STATE AND ZIP CODE Fort Worth, Texas 76101		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered 15¢ With delivery to addressee only 65¢ 2. Shows to whom, date and where delivered 35¢ With delivery to addressee only 85¢	
DELIVER TO ADDRESSEE ONLY 50¢		
SPECIAL DELIVERY (extra fee required)		

PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970 O-387-488

No. 119910

Exhibit A-27

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee

RECEIPT

Received the numbered article described below.

REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in) KIMBELL MILLING CO 12/16/72
CERTIFIED NO.	
INSURED NO.	

FOR POSTAL USE ONLY

Thrift way

REFINERS • MARKETERS • DISTRIBUTORS OF PETROLEUM PRODUCTS

2011 East Main Street

Farmington, New Mexico 87401

Office: 505/325-1278
Refinery: 505/632-2879

February 9, 1973

Clinton Oil Co.
217 N. Water Street
Wichita, Kansas 67202

Attn: Mr. Stewart Cronin

Gentlemen:

We are interested in purchasing crude oil or condensate for charge stock at our refinery located at Bloomfield, New Mexico. We have an immediate need for an additional 2500 barrels per day. If you have any production that can be made available to us we would like to have the opportunity to bid.

Your prompt reply will be appreciated.

Very truly yours,

Cletis Heron

Cletis Heron
Vice-President Refining Division

CH:lc

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO		POSTMARK OR DATE
Clinton Oil Co.		
STREET AND NO.		
217 N. Water Street		
P.O., STATE AND ZIP CODE		
Wichita, Kansas 67202		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN RECEIPT SERVICES	1. Shows to whom and date delivered	15¢
	With delivery to addressee only	65¢
	2. Shows to whom, date and where delivered	25¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form 3800 Apr. 1971 NO INSURANCE COVERAGE PROVIDED—NOT FOR INTERNATIONAL MAIL (See other side) * GPO: 1970 O-221-888		

No. 119898

Exhibit A-28

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S). REQUIRED FEE(S) PAID.	
<input type="checkbox"/> Show to whom, date and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
RECEIPT Received the numbered article described below.	
REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO.	<i>Clinton Oil Co.</i>
INSURED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
DATE DELIVERED	<i>H. E. Stangor</i>
	SHOW WHERE DELIVERED (only if required)

February 12, 1973

Mr. Ed Brown
El Paso Natural Gas Company
P.O. Box 1492
El Paso, Texas 79978

Dear Mr. Brown:

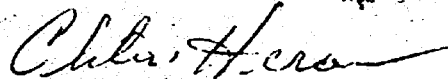
To confirm our needs based on our previous conversations in your office and also on your last visit to Farmington, our present contract with El Paso from your Ignacio Plant on natural gasoline calls for one load per day. At the end of this quarter, which ends March 31, 1973, we would like to change our contract on natural gasoline to read three to four loads of natural per day. We realize this is based on availability. Due to the fact that there is the possibility of a shut-down at your Ignacio Plant we discussed with you supplementing our natural needs out of your Wingate Plant, which you indicated could be made available to us providing we use pressure vessels to transport this material.

We also discussed with you the use of butane for blending if there was a critical shortage of natural gasoline. However, if we had to go this route we would need approximately ten days to get ready to use the butane in place of natural gasoline.

Also, Mr. Brown, I believe that our present crude contract with El Paso reads 100 to 300 barrels per day and your deliveries have averaged approximately 200 barrels per day. If it were possible for you to deliver the maximum 300 barrels of the contract or increase this to 400 barrels it would certainly be appreciated, since we are in dire need of charge stock for our refinery.

Thanking you very much for your and El Paso's help and co-operation in the past.

Yours truly,



Cletis Heron
Vice-President
Refining Division

CH:lc

Exhibit A-29



Western Hemisphere Petroleum Division
Continental Oil Company
P.O. Box 2197
Houston, Texas 77001
(713) 225-1511

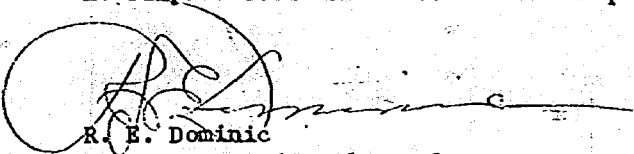
February 27, 1973

Mr. Cletis Heron
Vice-President Refining Division
Thrift Way
2011 East Main Street
Farmington, New Mexico 87401

Dear Mr. Heron:

Reference is made to your letter of February 9, seeking additional raw material for your Bloomfield, New Mexico refinery.

We regret to inform you that our supplies are such that we have no surplus over and above our own requirements.



R. E. Dominic
Director, Crude Oil Supply
Crude Oil Trading Department

acc

Exhibit B-1

MARATHON OIL COMPANY FINDLAY OHIO 45840

CRUDE OIL TRADING & TRANSPORTATION

CRUDE OIL PURCHASE AND SALES DIVISION
W. S. SARGENT, MANAGER

February 27, 1973

Thrift way
2011 East Main Street
Farmington, New Mexico 87401

Attention: Mr. Cletis Heron, Vice-President

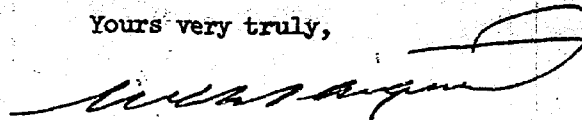
Gentlemen:

Your letter of February 9, 1973 to our Mr. W. K. Deischer in Casper has been referred to me for reply.

You inquired as to the availability of oil which Marathon may have available for prospective sale to Thrift way which could be directed to your refinery at Bloomfield, New Mexico.

You are advised that Marathon has no uncommitted crude oil or condensate for which we would be accepting bid offers.

Yours very truly,



WSS:sm

Exhibit B-2

Atlantic Richfield Company

North American Crude Oil Supply
Post Office Box 2819
Dallas, Texas 75221
Telephone 214 741 7461

E. J. Henry, Jr.
Manager



February 22, 1973

Mr. Cletis Heron
Thrift Way
2011 East Main Street
Farmington, New Mexico 87401

Dear Sir:

With reference to your letter of February 9 addressed to our Mr. Benson, this is to advise that at the present time we do not have any material for sale in your refinery area. For that matter, we have no domestic crude oil for sale in any area.

Yours very truly,

E. J. HENRY, JR.

EJHjr:emp

cc - Mr. E. M. Benson, Jr.

Exhibit B-3

SAN JUAN OIL COMPANY

800 OIL CENTER BUILDING

TULSA, OKLAHOMA 74119

February 28, 1973

Thriftway Company
2011 East Main Street
Farmington, New Mexico 87401

Attention: Mr. Jerry D. Clayton

Gentlemen:

On June 14, 1972, San Juan Oil Company and Thriftway Company entered into an agreement whereby San Juan would sell and Thriftway would purchase certain quantities of natural gasoline produced at Southern Union Production Company's Kutz Canyon Gasoline Plant. Such agreement contained the following provisions in the section entitled Contract Period:

"Purchases and Sales under this agreement shall start on July 1, 1972 and end on the date given by notice from Seller to Buyer, provided that Purchases and Sales under this agreement shall not end prior to December 31, 1972. Notice by Seller to Buyer of termination of this agreement shall be postmarked no later than sixty (60) days before date of termination of this agreement."

This letter is to serve as notice by San Juan to Thriftway of termination of this Agreement No. SJ-NG-2, effective May 1, 1973.

We have certainly enjoyed doing business with you under this agreement. Should you have any questions regarding this cancellation, please feel free to call us.

Very truly yours,



David A. Roach
Senior Vice President

DAR/RLM/pg

CERTIFIED MAIL

Exhibit C

SAN JUAN OIL COMPANY

800 OIL CENTER BUILDING
TULSA, OKLAHOMA 74119

February 28, 1973

Thriftway Company
2011 East Main Street
Farmington, New Mexico 87401

Attention: Mr. Jerry D. Clayton

Gentlemen:

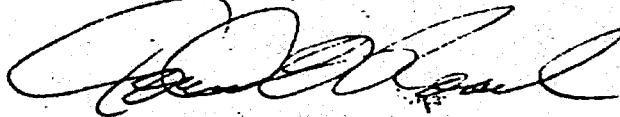
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Very truly yours,



David A. Roach
Senior Vice President

DAR/RLM/pg

CERTIFIED MAIL

Exhibit C

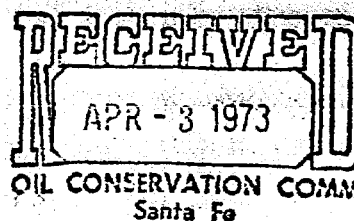
LAW OFFICES OF
PHILLIPS AND GRAHAM
116-118 SOUTH COMMERCIAL
P. O. BOX 1618
FARMINGTON, NEW MEXICO 87401

JOHN R. PHILLIPS, JR.
ROBERT H. GRAHAM

April 2, 1973

TELEPHONE 325-1755
AREA CODE 505

Mr. A. L. Porter, Jr.
and
Mr. Dan Nutter
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



Re: Thriftway Company's
Application for Preference
to Purchase New Mexico State
Royalty Oil

Dear Messrs Porter and Nutter:

Pursuant to our conversations during my visit to your office on March 30, 1973, I herewith enclose the original and two (2) copies of an Affidavit by Thriftway Company verifying the response which they received from their letter inquiries to purchase oil on the open market to El Paso Natural Gas Company and Amoco Production Company.

Please attach this Affidavit to the application which has been submitted to your office as Exhibit B-4.

If there is anything further you need in support of the application, please contact me immediately. Should there be no further information needed by your office, I will appreciate being advised when the Notice of Application for the preference is being published.

Very truly yours,

PHILLIPS AND GRAHAM

Robert H. Graham
Robert H. Graham

RHG:lw
Enclosures - 3 Affidavits
cc: Mr. Alex Amijo w/enc.
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

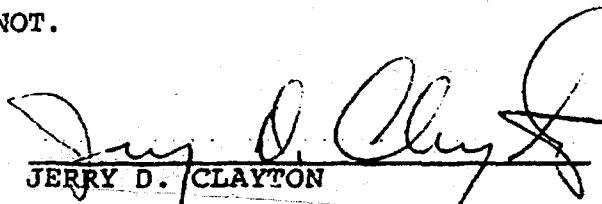
RECEIVED
APR - 3 1973
OIL CONSERVATION COMM
Santa Fe

RECEIVED
APR - 3 1973
OIL CONSERVATION COMM
Santa Fe

RECEIVED
APR - 3 1973
OIL CONSERVATION COMM
Santa Fe

- RECEIVED
APR - 3 1973
OIL CONSERVATION COMM
Santa Fe

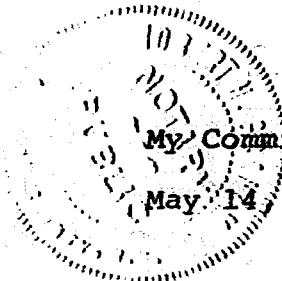
FURTHER AFFIANT SAYETH NOT.


JERRY D. CLAYTON

SUBSCRIBED AND SWORN TO before me this 2nd day of April,

1973.


Notary Public



My Commission expires:

May 14, 1973.

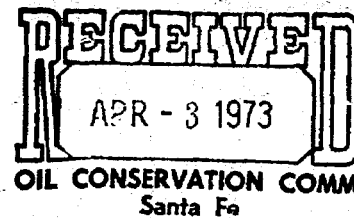
LAW OFFICES OF
PHILLIPS AND GRAHAM
116-118 SOUTH COMMERCIAL
P. O. BOX 1818
FARMINGTON, NEW MEXICO 87401

JOHN R. PHILLIPS, JR.
ROBERT H. GRAHAM

April 2, 1973

TELEPHONE 325-1755
AREA CODE 505

Mr. A. L. Porter, Jr.
and
Mr. Dan Nutter
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



Re: Thriftway Company's
Application for Preference
to Purchase New Mexico State
Royalty Oil

Dear Messrs Porter and Nutter:

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Please attach this Affidavit to the application which has been submitted to your office as Exhibit B-4.

If there is anything further you need in support of the application, please contact me immediately. Should there be no further information needed by your office, I will appreciate being advised when the Notice of Application for the preference is being published.

Very truly yours,

PHILLIPS AND GRAHAM

Robert H. Graham
Robert H. Graham

RHG:lw
Enclosures - 3 Affidavits
cc: Mr. Alex Amijo w/enc.
Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

RECEIVED
APR - 3 1973
OIL CONSERVATION COMM
Santa Fe

OIL CONSERVATION COMM
Santa Fe

1. I am Jerry D. Clayton, President of Thriftway Company, a New Mexico corporation, and am the affiant herein.

2. This Affidavit is made in support of Application for Preference to Purchase New Mexico State Royalty Oil on behalf of Thriftway Company.

3. On February 9, 1973, Thriftway Company wrote to Amoco Production Company, Tulsa, Oklahoma in an effort to purchase refinery charge stock for Thriftway's refinery at Bloomfield, New Mexico on the open market. A copy of said letter is attached to the application on file as Exhibit A-1.

4. Amoco Production Company responded to the above mentioned letter by telephone from their Denver, Colorado, office. This telephone conversation from Amoco Production Company advised that that company had no condensate or crude oil available for sale on the open market to Thriftway Company.


5. On February 12, 1973, Thriftway Company wrote to El Paso Natural Gas Company, El Paso, Texas, in an effort to purchase on the open market either crude oil or condensate in excess of the 200 barrels per day being supplied to Thriftway Company by El Paso Natural Gas Company.

6. El Paso Natural Gas Company responded to the above mentioned letter by telephone conversation from their El Paso, Texas, office advising that they had no crude oil or condensate available for sale to Thriftway Company on the open market other than the approximately 200 barrels per day which they were supplying to Thriftway Company.

FURTHER AFFIANT SAYETH NOT.


JERRY D. CLAYTON

SUBSCRIBED AND SWORN TO before me this 2nd day of April,
1973.


Notary Public

My Commission expires:
May 14, 1973.



March 27, 1973

Mr. Robert H. Graham
Phillips and Graham
P. O. Box 1818
Farmington, New Mexico 87401

Dear Mr. Graham:

Re: New Mexico Oil

This is to advise your office that Tenneco Oil Company is interested in trading southeast New Mexico crude and/or condensate for northwest New Mexico crude and/or condensate on an equivalent value basis with the Thriftway Company.

Tenneco is presently delivering some condensate to Thriftway from the Basin Dakota Area, New Mexico.

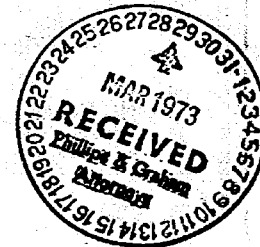
Please advise if additional information is required.

Very truly yours,

TENNECO OIL COMPANY

Max A. Menard
Coordinator
Crude Oil Purchases & Sales

ds



Telegram

western union

Telegram

.50(1

WU AGCY FARMTON

B050(1306)(2-084395E100)PD 04/10/73 1306

ICS IPMRNCZ CSP

8014370301 TDRN SALT LAKE CITY UT 28 04-10 0106P EST

PMS JERRY CLAYTON THRIFTWAY REFINING CO., DLR

2011 EAST MAIN ST

FARMINGTON NM 87401

BASED ON THE ONSIGHT INVENTORY OF EXHISTING PUMPS AND EQUIPMENT

THRIFTWAYS BLOOMFIELD REFINING PLANT WILL PROCESS 2,000 BARRELS

PER DAY OF CRUDE OIL

JOHN P REDD NEW MEXICO ENGINEERING REGISTRATION NUMBER 4031

EXHIBIT

D