

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR A SHOW CAUSE HEARING REQUIRING PETRO-THERMO CORPORATION TO APPEAR AND SHOW CAUSE WHY ITS GOODWIN TREATING PLANT LOCATED IN THE SW/4 NW/4 OF SECTION 31, TOWNSHIP 18 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO SHOULD NOT: (1) BE ORDERED TO CEASE OPERATIONS, (2) HAVE ITS PERMIT TO OPERATE REVOKED, (3) BE CLOSED AND CLEANED UP, (4) BE CLOSED BY THE DIVISION IF PETRO-THERMO DOES NOT CLOSE IT, (5) ASSESS THE COSTS OF CLOSURE AND CLEANUP AGAINST PETRO-THERMO IF CLOSED BY THE DIVISION, AND (6) HAVE ITS \$25,000 BOND FORFEITED.

**CASE NO. 11457
ORDER NO. R-10569**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 21, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of April, 1996, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises.

FINDS THAT:

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

(2) Petro-Thermo Corporation (the "Operator") is the operator of the Goodwin Treating Plant (the "Plant") located in the SW/4 of the NW/4 of Section 31, Township 18 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) The Plant was permitted by Oil Conservation Commission Order No. R-4061. At that time, a \$10,000 performance bond was filed with the Division which bond was conditioned upon compliance with applicable statutes of the State of New Mexico and all rules, regulations, and orders of the Oil Conservation Commission. The bond was subsequently increased to \$25,000 in 1988 pursuant to Order No. R-8284.

(4) The Plant has been inactive for a period in excess of six (6) consecutive months. Pursuant to Oil Conservation Division (OCD) Rule 711(D), titled "Facility Closure", notice was sent by certified letter by the OCD to Operator notifying Operator that closure plans for the Plant must be submitted to the OCD by August 14, 1995, detailing how Operator planned to clean up and restore the Plant site.

(5) By letter dated August 14, 1995, Operator requested that it be allowed to continue operating the Plant. The OCD responded by certified letter dated September 1, 1995, requesting additional information before the OCD would consider the request.

(6) By letter dated September 15, 1995, Operator responded to the OCD September 1, 1995, letter by setting forth a closure plan and requesting that Operator be allowed to access its \$25,000 bond to pay for costs of closure since Operator had no financial resources to pay for closure. By certified letter dated October 10, 1995, sent to Operator, the OCD rejected Operator's closure plan and Operator's request to access its \$25,000 bond, set forth closure actions to be taken by Operator by November 10, 1995, and informed Operator that unless such actions were taken by November 10, 1995, the OCD would call for hearing for the purpose of revoking Operator's permit and foreclosing on its \$25,000 bond.

(7) By letter dated November 3, 1995, Operator declined to take the actions requested by the OCD in its October 10, 1995, letter and expressed its desire to delay closure of the Plant.

(8) The \$25,000 bond (Bond No. OCD-147) is a cash bond and was approved by the OCD on July 5, 1995.

(9) The subject Plant has been inactive for a period of six (6) consecutive months and, pursuant to Operator's permit and OCD Rule 711, Operator is required to close the facility.

(10) Demand has been made upon Operator to close the Plant in accordance with OCD requirements and the Operator has failed to do so.

(11) At this time, the Division seeks an order: (i) directing Operator to cease operations at the Plant, (ii) revoking Operator's permit to operate the Plant, (iii) directing Operator to clean up and close the Plant, (iv) authorizing the Division to clean up and close the Plant if Operator fails to do so, (v) assessing the costs of cleanup and closure against Operator if the Division performs the cleanup and closure, and (vi) foreclosing on Operator's bond.

(12) The current conditions of the Plant are such that waste may occur, correlative rights may be violated or fresh waters or the environment may be contaminated if action is not taken to properly clean up and close the same.

(13) The Operator appeared through counsel and has consented to the entry of this Order.

(14) In order to prevent waste, to protect correlative rights, and to protect fresh waters and the environment, the above-described Plant should be cleaned up and closed in accordance with a program approved by the New Mexico Oil Conservation Division Environmental Bureau in Santa Fe on or before six (6) months from the entry of this Order.

IT IS THEREFORE ORDERED THAT:

(1) Petro-Thermo Corporation cease Plant operations and clean up and close the Plant within six (6) months of the date of this order in accordance with a Division-approved cleanup and closure plan.

(2) Petro-Thermo's operating permit for the Plant is hereby revoked. Petro-Thermo is however authorized to attempt to sell the Plant and remove and sell any equipment and product located thereon. If the Plant is sold, and assuming the new buyer posts a bond pursuant to Division Rule 711 and the transfer of the operating permit is approved by the Division, the new buyer will be given six (6) months from the date of sale to clean up the Plant.

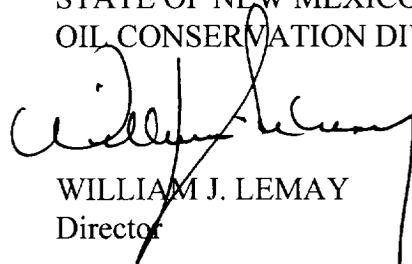
(3) If Petro-Thermo fails to close the Plant as ordered in (1) above, the Division is hereby authorized to:

- i. clean up and close the Plant;
- ii. declare forfeit on Petro-Thermo's bond and take such action to foreclose on said bond; and
- iii. recover from Petro-Thermo any costs of closing said Plant in excess of the amount of the bond, if any.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L