

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

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

**CASE NO. 13167
ORDER NO. R-5464-A**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE ENVIRONMENTAL BUREAU CHIEF TO REVOKE THE
PERMIT OF A. L. DAUGHERTY TO OPERATE AN OIL TREATMENT PLANT
AND DISPOSAL FACILITY, AND TO RELEASE THE SURETY BOND,
CHAVES COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 9, 2003, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of December, 2003, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-5464 issued in Case No. 5922 on June 14, 1977, the Division authorized A. L. Daugherty to dispose of produced water in an intermittent salt lake located in Section 24, Township 8 South, Range 29 East, and Section 19, Township 8 South, Range 30 East, NMPM, Chaves County, New Mexico.

(3) Order No. R-5464 also authorized A. L. Daugherty to construct settling tanks at this location in order to recover residual oil contained within the produced water.

(4) This disposal/oil treatment site is also known as the Daugherty-Crosby Salt Lake Treating Plant and Disposal Facility.

(5) In accordance with Division rules, a \$25,000 surety bond was posted with the Division for this disposal/oil treatment site on April 10, 1989 (Bond No. 11132683654). This surety bond was obtained by an individual named Frates S. Seeligson ("Mr. Seeligson") and the surety for this bond was the National Surety Corporation.

(6) The Oil Conservation Division ("Division") seeks an order

- (a) rescinding A. L. Daugherty's disposal/oil treatment permit; and
- (b) releasing the surety bond for this facility.

(7) A representative of the Division's Santa Fe Environmental Bureau appeared at the hearing and presented evidence that demonstrates that:

- (a) Mr. Seeligson, at the direction of the Division's Santa Fe Environmental Bureau, has cleaned up the disposal/oil treatment site; and
- (b) based upon a closure plan submitted by Mr. Seeligson, and based upon an inspection of the facility by OCD personnel, the Division's Santa Fe Environmental Bureau, by letter dated August 8, 2003, approved the closure of the disposal/oil treatment site.

(8) Notice of this application was sent via certified mail by the Division to Mr. Seeligson on September 17, 2003. Although the notice was sent to Mr. Seeligson's last known address, this notice was returned to the Division undelivered. Subsequently, Mr. Seeligson was successfully notified by the Division of the application via E-Mail. By letter to the Division dated October 3, 2003, Mr. Seeligson stated that he had no objection to the application.

(9) The evidence presented demonstrates that the Daugherty-Crosby Salt Lake Treating Plant and Disposal Facility has been cleaned up to the satisfaction of the Division's Santa Fe Environmental Bureau, that the disposal/treatment permit is no longer necessary and should therefore be revoked, and that the surety bond for this disposal/treatment facility should be released.

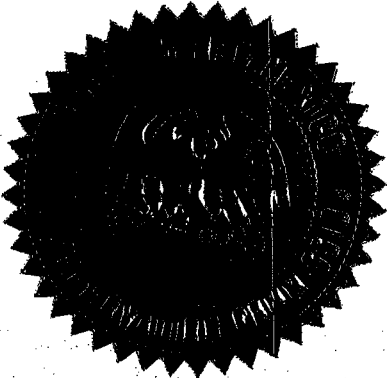
IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Oil Conservation Division, A. L. Daugherty's authority to operate a disposal/oil treatment facility located in Section 24, Township 8 South, Range 29 East, and Section 19, Township 8 South, Range 30 East, NMPM, Chaves County, New Mexico, this facility also known as the Daugherty-Crosby Salt Lake Treating Plant and Disposal Facility, initially authorized by Division Order No. R-5464 dated June 14, 1977, is hereby revoked.

(2) The \$25,000 surety bond for the Daugherty-Crosby Salt Lake Treating Plant and Disposal Facility (Bond No. 11132683654) posted with the Division on April 10, 1989, by Mr. Frates S. Seeligson, the surety of which is the National Surety Corporation, is hereby released.

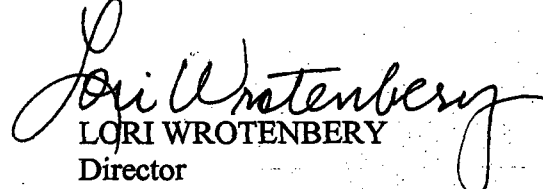
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director