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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

APPLICATION FOR SHOW CAUSE HEARING

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

2. 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 substantial 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.

3. 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.

4. 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.

5. 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. WHEREFORE, the Oil Conservation Division applies to the Director to enter an order:

A. Determining whether or not the Plant should cease operations and be closed in accordance with a Division-approved closure plan and have its operating permit revoked.

B. Upon a determination that said Plant should be closed, directing Operator to close said Plant.

C. Further ordering that if Operator fails to close said Plant as ordered by the Director, that the Division be authorized:

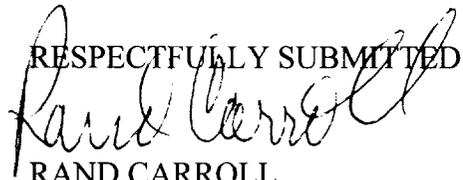
i. to close the Plant,

ii. to declare forfeit on said bond and to take such action to foreclose on said bond, and

iii. to recover from the Operator any costs of closing said Plant in excess of the amount of the bond, if any.

D. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,



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