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August 27, 2001

HAND DELIVERED

Mr. Roger Anderson
Environmental Bureau
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: New Mexico Oil Conservation Division Case No. 12707: Application of BP/Amoco production Company for permit modification and exemption to certain provisions of Oil Conservation Division Rule 711, San Juan County, New Mexico.

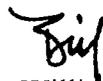
Dear Roger,

Enclosed for your review and comment is a proposed order in the above-referenced case. I will also sent this draft to you by E-mail.

I will make any changes in this draft you desire. Once you have reviewed it, I will revise this draft and send it to Mr. Stogner.

Your assistance with this matter is appreciated.

Very truly yours,



William F. Carr

Enc.

cc: Mr. Buddy Shaw
BP/Amoco Production Company

01 AUG 27 PM 3:37
MAIL ROOM

**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. 12707
ORDER NO. R-**

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**APPLICATION OF BP / AMOCO PRODUCTION COMPANY FOR PERMIT
MODIFICATION AND AN EXEMPTION TO CERTAIN PROVISIONS OF OIL
CONSERVATION DIVISION RULE 711, SAN JUAN COUNTY, NEW MEXICO.**

**PROPOSED ORDER OF THE DIVISION OF
BP / AMOCO PRODUCTION COMPANY**

BY THE DIVISION:

This case came on for hearing at 8:15 o'clock a.m. on August 23, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ____ day of August, 2001, the Division Director, having considered the testimony, the record, and the recommendation 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 these causes and the subject matters thereof.

(2) BP/Amoco Production Company ("BP/Amoco") seeks a modification of Oil Conservation Division Rule 711 Permit Approval NM-02-0003 for the BP Crouch Mesa Centralized Waste Management Facility, located in the SW/4 SE/4 of Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, and an exemption from the provisions of Oil Conservation Division Rule 711 to permit it to accept wastes generated outside New Mexico at this centralized surface waste management facility.

(3) The Crouch Mesa Centralized Waste Management Facility, was approved by the Oil Conservation Division, subject to certain conditions, pursuant to the provisions of Rule 711 by OCD Rule 711 Permit Approval NM-02-0003.

(4) Pursuant to this approval, BP/Amoco is authorized to accept exempt and "non-hazardous" non-exempt oil field wastes that are generated in the state of New Mexico by Amoco Production Company.

(5) BP/Amoco Production Company is the successor to Amoco Production Company and operates the Crouch Mesa Centralized Waste Management Facility pursuant to OCD Rule 711 Permit Approval NM-02-0003.

(6) BP/Amoco conducts land farming and composting operations at the Crouch Mesa Centralized Waste Management Facility and seeks authorization to bring to this facility for remediation crude oil contaminated soils from three former BP/Amoco crude oil pump stations which are part of the former Line 90 crude oil pipeline which has been sold to Questar Southern Trails Pipeline Company and is being converted to a natural gas pipeline.

(7) Former Line 90 crude oil pipeline runs from Bisti, New Mexico, to Long Beach, California, and three of the former pump stations which are the subject of this application are not located in the State of New Mexico. The Tonalea Pump Station and the Cameron Pump Station are located in the State of Arizona and the Red Mesa Pump Station is located in the State of Utah.

(8) Except for being generated outside New Mexico, the waste for which BP/Amoco seeks authorization to bring to the Crouch mesa Centralized Waste Management Facility meets all the requirements and conditions of Division Rule 711 and OCD Rule 711 Permit approval NM-02-0003 and the

(9) Much of the crude oil which contaminated the subject soils was produced in New Mexico by BP/Amoco and its predecessor and was subject to the New Mexico Oil and Gas Conservation Tax.

(10) No reasonable economically feasible alternatives are available to BP Amoco for the remediation of these wastes.

(11) BP/Amoco has complied with the provisions of Division Rule 711 and OCD Rule Permit 711 Permit Approval NM-02-0003, including all Financial Assurances requirements.

(12) BP/Amoco application for an exemption from the provisions of the Division Rule 711 and modification of OCD Rule 711 Permit Approval NM-02-0003 to permit it to accept wastes generated outside New Mexico from the Red Mesa Pump Station, the Tonalea Pump Station and the Cameron Pump Station will result in the efficient management of these approved wastes in a manner which will not impair fresh water nor adversely impact the public health or the environment and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of BP/Amoco Production Company (“BP/Amoco”) for an exemption from the provisions of Oil Conservation Division Rule 711 and modification of Oil Conservation Division Rule 711 Permit Approval NM-02-0003 for the BP Crouch Mesa Centralized Waste Management Facility, located in the SW/4 SE/4 of Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, and to permit it to accept wastes generated outside New Mexico at the Red Mesa Pump Station located in the State of Utah and the Tonalea Pump Station and the Cameron Pump Station located in the State of Arizona located on the former Line 90 crude oil pipeline is hereby granted.

(2) All other provisions of Oil Conservation Division Rule 711 and OCD Rule 711 Permit Approval NM 02-0003 shall remain in full force and effect.

(3) Jurisdiction of this case 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

LORI WROTENBERY
Director

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