

# Transmittal Memorandum

Date: December 11, 1986  
Re: New Mexico Petroleum

Enclosed please find: Copy of correspondence dated  
November 18, 1986

- Please file.  
 Please record.  
 Check enclosed \$ \_\_\_\_\_.

*Case 9057*

Other Mr. Roland Caudill has advised that no hearing date has been set as yet and that your office could not locate the letter sent November 18, 1986. I am enclosing a copy of said letter, along with the attached Bond. Please advise us of the hearing date as soon as possible.

Terri Newcomb

*Thank You.*

**ROBERT L. LOVE**

ATTORNEY AT LAW

P. O. BOX 1099

HOBBS, NEW MEXICO 88240

PHONE (505) 397-7461

┌ MR JEFF TAYLOR  
OIL CONSERVATION DIVISION  
TO ENERGY & MINERALS DEPARTMENT  
STATE OF NEW MEXICO  
└ P O BOX 2088  
SANTA FE NM 87504-2088

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November 18, 1986

Mr. Jeff Taylor  
Oil Conservation Division  
Energy & Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

*Case 9057*

Re: New Mexico Petroleum Company  
Transfer of Ownership

Dear Mr. Taylor:

This letter is a request for the Commission to schedule at its earliest possible hearing a transfer of ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland E. Caudill of Lovington, New Mexico, to Jess Keeth, P. O. 1388, Lovington, New Mexico 88260.

Also enclosed herein is an Assignment of Cash Collateral Deposit executed by Mr. Jess M. Keeth and First Interstate Bank of Lea County in the amount of \$25,000.00.

Please advise me of the hearing.

Yours truly,



Robert L. Love  
Attorney for New Mexico Petroleum Company

RLL/tn

Enclosure: as stated.

carbon copy - Gary Don Reagan

**ILLEGIBLE**

NEW MEXICO OIL CONSERVATION DIVISION  
OF THE ENERGY & MINERALS DEPARTMENT

\$25,000.00 CASH TREATING PLANT BOND

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504  
KNOW ALL MEN BY THESE PRESENTS:

That \_\_\_\_\_, (an individual)  
(partnership) (a corporation organized in the State of \_\_\_\_\_,  
with its principal office in the City of \_\_\_\_\_, State of \_\_\_\_\_  
\_\_\_\_\_, and authorized to do business in the State of New Mexico), is  
held firmly bound unto the State of New Mexico, for the use and benefit of the Oil  
Conservation Division of the Energy & Minerals Department in the sum of Twenty Five  
Thousand (\$25,000.00) Dollars lawful money of the United States.

The conditions of this obligation are such that:

The above principal has heretofore or may hereafter enter into the process of  
treating and reclaiming sediment oil in Section \_\_\_\_\_, Township \_\_\_\_\_ (North)  
(South), Range \_\_\_\_\_ (East) (West), N.M.P.M., \_\_\_\_\_ County, New Mexico.

NOW, THEREFORE, This \$25,000 performance bond is conditioned upon substantial  
compliance with all applicable statutes of the State of New Mexico and all rules,  
regulations, and orders of the Oil Conservation Division of the Energy and Minerals  
Department, and upon clean-up of the plant site to standards of the Oil Conservation  
Division; otherwise the principal amount of the bond to be forfeited to the State of  
New Mexico.

The applicant has deposited on behalf of the Division \$25,000 (Twenty-five  
thousand dollars) in the manner indicated on the attachment to this bond, being the  
principal sum intended to be secured. Applicant pledges the sum as a guarantee that  
if its executors, assigns, heirs and administrators will abide by the Laws of the  
State of New Mexico and the Rules and Regulations of the Oil Conservation Division in  
operating the treating plant described herein, and that it will properly reclaim the  
plant site upon cessation of operations. If the applicant does not properly reclaim  
and restore the plant site, and otherwise abide by the Rules and Orders of the Oil  
Conservation Division, this bond shall be forfeited in full and such funds as  
necessary applied to the cost of reclaiming the plant site. If the principal sum of  
the bond is less than the actual cost incurred by the Division in reclaiming the  
plant site, the Division may institute legal action to recover any amounts expended  
over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or  
administrators or any of them shall properly reclaim and restore the above-described  
treating plant site upon cessation of operations, and otherwise abide by the Rules  
and Orders of the Oil Conservation Division, then therefore, this obligation shall be  
null and void and the principal sum hereof shall be paid to the applicant, or its  
successors, heirs, or administrator, otherwise it shall remain in full force and  
effect.

Signed and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
PRINCIPAL

\_\_\_\_\_  
SURETY

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Mailing Address

By \_\_\_\_\_  
Signature Title

By \_\_\_\_\_  
Attorney-in-Fact

(Note: Principal, if corporation  
Affix corporate seal here.)

(Note: Corporate surety affix corporate  
seal here.)

**ILLEGIBLE**

ASSIGNMENT OF CASH COLLATERAL DEPOSIT  
FOR TREATING PLANT BOND

(Must be a federally-insured bank or savings institution  
authorized to do business in New Mexico)

Date 11-14-86

Certificate # 0203989957679 matures 12-26-87

Jess M Keeth, hereinafter referred to as "owner",

of Box 1388, Lovington, NM 88260 (address) has deposited

with the First Interstate Bank of Lea Co (name of state or national bank or

savings association) of Box 1477, Lovington, NM 88260

(address) (herein termed

financial institution), the sum of 25,000.00 dollars in certificate of

deposit or savings account No. 02-03980057679. Owner hereby assigns and conveys all

right, title and interest in the deposited sum to the financial institution in trust for

the Oil Conservation Division of the Energy and Minerals Department or successor agency of

the State of New Mexico. Owner and the financial institution agree that as to the

deposited sum or fund:

a. The funds deposited pursuant to the terms of this Agreement are to serve as

a cash bond covering a treating plant operated by owner.

b. The Oil Conservation Division acquires by this assignment the entire beneficial

interest in the fund, with the right to order the trustee in writing to

distribute the fund to persons determined by the division to be entitled

thereto, including the Division itself, in amounts determined by the Division,

or to the operator upon sale of the treating plant covered by this agreement.

c. Owner retains no legal or beneficial interest in the fund and has only the

right to interest, if any, thereon, and to return of the fund upon written order

of the Division.

d. The financial institution agrees that the fund may not be assigned, transferred,

pledged or distributed except upon written order of the Division or a court of

competent jurisdiction made in a proceeding in which the Division is a party.

The financial institution waives all statutory or common law liens or rights of

set-off against the fund.

Owner agrees that the financial institution may deduct from interest due owner any

attorney fees incurred by the financial institution in claim or demand via writ, summons

or other process arising from operator's business as made upon the financial institution.

Signature of Owner, Jess M Keeth

Signature of Authorized Officer of Financial Institution

Barbara McWilliams

Title Vice President

STATE OF NEW MEXICO

COUNTY OF Lea

On this 14 day of November, 1986, before me personally appeared

the person (persons) described in and who executed the foregoing instrument and

acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this

certificate first above written.

My Commission expires: May 11, 1987

NOTARY PUBLIC

*[Signature]*