

CASE 4342: Application of DEARING,  
WRIGHT, GIBBINS, AND CHURCH to  
operate an oil treating plant.

Case Number

4342

Application  
Transcripts.

Small Exhibits

ETC.

# Memo

From

JOE D. RAMEY  
SUPERVISOR & PRORATION  
MANAGER

To To do

Regarding the  
application for a trading  
plant I have one address.

Gherret Derrin

Box 401

DOCK

To turn, N. Mex. Date-

→ This may be  
misspelled JDR

JAMES E. TEMPLEMAN  
C. BARRY CRUTCHFIELD

Law Offices of  
**TEMPLEMAN AND CRUTCHFIELD**  
A Professional Corporation  
SECOND FLOOR, REED-McCRODY BUILDING  
LOVINGTON, NEW MEXICO 88260

AREA CODE 505  
396-4927  
396-4840

September 8, 1981

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Department  
Attention: Mr. Ernie Padilla  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Re: Sales Contract

Dear Mr. Padilla:

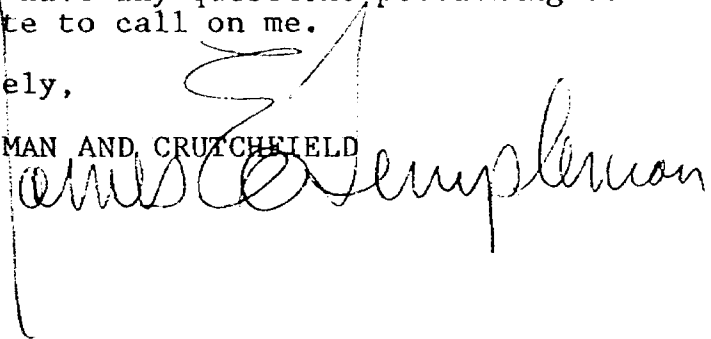
I enclose your copy of the Sales Contract of the waste oil treating plant in Lea County, New Mexico near Tatum, Oil Conservation District Order No. R3960, Case No. 4342. I earlier discussed this matter with you over the telephone and you indicated to me that all your records would require was a copy of the Sales Contract as herein provided.

From August 5, 1981, the above described treating plant will be operated by W. S. Davenport and Gail Hakes doing business as New Mexico Petroleum Company. If you have any questions pertaining to this matter, please do not hesitate to call on me.

Sincerely,

TEMPLEMAN AND CRUTCHFIELD

By:



JET/rw

Encl/as stated

## SALES CONTRACT

This Sales Contract by and between ANN RUSSELL, formerly known as ANNIE E. GIBBINS, a married woman dealing in her sole and separate property, doing business as New Mexico Petroleum Company, hereinafter called Seller, and W. S. DAVENPORT and GAIL HAKES, hereinafter called Buyer:

### I.

ASSETS SOLD. Seller is the owner and holder of the following properties hereinafter called "assets" relating to an oil treating plant facility to reclaim waste oil which Seller hereby agrees to sell to Buyer, to wit:

(a) New Mexico State Land Office business Lease No. BL-932 covering the following described real property:

A tract of land located within the SW/4 SE/4 of Section 7, Township 11 South, Range 34 East, N.M.P.M., Lea County, New Mexico, containing 3.49 acres, more or less, and more particularly described in that certain Plat of Survey dated June 22, 1970, prepared by John W. West Engineering Company, and marked Exhibit "A" hereto;

(b) All of Seller's right, title and interest in and to an oil permit with New Mexico Oil Conservation Division, New Mexico Oil Conservation District Order No. R3960, Case No. 4342.

(c) All of Seller's right, title and interest in and to the business name, New Mexico Petroleum Company, together with any good will attributable to that name or the business herein conveyed together with stock and trade, oil in place, or any other assets owned and held in the name of New Mexico Petroleum Company;

(d) Four (4) - 500 barrel tanks;

(e) One (1) - 1000 barrel tank;

(f) One (1) Heater Treater;

(g) One (1) Circulating Pump.

### II.

PURCHASE PRICE. The full, total and complete purchase price for the above captioned assets which Buyer agrees to pay and Seller agrees to accept is the sum of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) in cash payable in full at closing. Upon receipt of this sum at closing, the earnest money previously paid on this contract, namely ten ounces of gold in the form of krugers, shall be returned to Buyer.

### III.

LIENS AND LIABILITIES. The assets sold by Seller to Buyer as described in paragraph I above shall be free from all encumbrances, liabilities and liens of whatever kind or nature and any liens against the interest conveyed which exists prior to

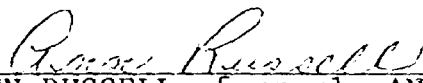
closing and are not created by Buyer shall be the responsibility of Seller.

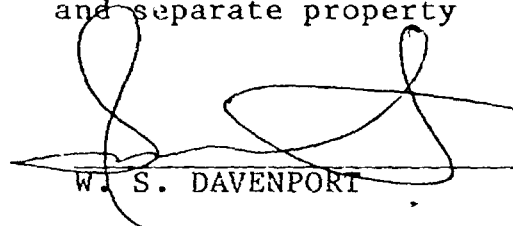
IV.

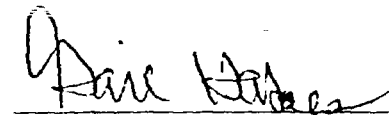
DOCUMENTS OF TRANSFER AND BOND. Seller agrees to promptly execute all documents necessary to effect a conveyance of the interests above described, namely the personal property, the state business lease and the oil conservation permit. To the extent that these documents have not been completed and processed prior to closing, Seller agrees to promptly see that these documents are completed and processed with the appropriate state offices. Buyer agrees to purchase whatever bonds are necessary to effect these transfers with the New Mexico Oil Conservation Division and State Land Office and to do this in a prompt manner.

V.

BINDING UPON HEIRS. This agreement shall be binding upon the parties hereto, their heirs, devisees and assigns.

  
ANN RUSSELL, formerly ANNIE E. GIBBINS  
a married woman dealing in her sole  
and separate property

  
W. S. DAVENPORT

  
GAIL HAKES

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 29, 1970

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Dearing, Wright, Gibbins,  
and Church, doing business as New Mexico  
Petroleum Company, for authority to oper- )  
ate an oil treating plant, Lea County, )  
New Mexico. )

) CASE 4342  
)

-----  
BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 4342.

MR. HATCH: Case 4342. Application of Dearing, Wright, Gibbins & Church, doing business as New Mexico Petroleum Company, for authority to operate an oil treating plant, Lea County, New Mexico.

MR. WRIGHT: Mr. Administrator, I'm L. Q. Wright, one of the partners in this proposal.

MR. HATCH: Mr. Wright, would you be sworn, please?

(Witness sworn.)

MR. UTZ: You're one of the owners and are representing yourself?

MR. WRIGHT: Yes, sir. I have another one of the partners here with me, Mr. Gibbins.

MR. UTZ: All right, sir.

MR. HATCH: Do you have some exhibits you want to introduce today?

MR. WRIGHT: Yes, sir. We have some copies here, actually, of our proposed treating plant, and then we have letters of commitment here from oil companies in this area.

(Whereupon, Applicant's Exhibit 1 was marked for identification.)

MR. HATCH: Mr. Wright, before you go ahead with your examination, this is a partnership of four people?

MR. WRIGHT: Yes, sir. That's correct.

MR. HATCH: And you will be doing business under



the firm name of New Mexico Petroleum Company?

MR. WRIGHT: Correct.

MR. HATCH: Go ahead, sir.

MR. UTZ: You may continue and go ahead and put on your case, if you care to put it on.

MR. WRIGHT: Well, sir, this treating plant here that we have the sketch on is about the capacity that we would like to start with, and it's in an area that covers several of the fields there. And in talking to different oil company representatives there, which some of them are good customers of ours now and they have all been real encouraging. In fact, they say that there is a definite need, that they would be more than willing to use us on this tank cleaning and on power oil tanks, the inner facing in them and the pits that they are having so much trouble with now, not being able to dispose of this pit oil and tank bottoms, of which we can take, by going through this treating system, we can treat that oil and with a big percentage of it, can make it merchantable oil.

So what we would like to do is, through your approval, is to get these permits okayed that we might work with these people and taking care of all of this waste oil that is in that area now.

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DIRECT EXAMINATION

BY MR. PERZ:

Q What is the capacity that you propose in this?

A On this one here, we would be starting at a 2250 barrel capacity. Then, of course, that is complete with a heater and a circulating pump.

Q And the oil that you will be taking into this plant will be only tank bottoms and pit oil?

A Yes, sir, unless, you know, sometimes they have oil in their stock tank that's maybe two and three percent, and they can't get it down. So when they don't have room in the small pits now to put that oil in the pits and they can't sell it, see, we could pick that oil up and treat it out.

Q Two and three percent is unsaleable oil; is that correct?

A Yes, sir. It has to be one percent or less.

Q And this two or three percent oil would be oil that would not be charged against the well's allowable?

A No, sir. It would be charged against the well's allowable.

Q Now, when you pick this oil up, how will you measure it?

A Pardon? I didn't understand.

Q How will you measure this oil when you pick it up from each tank battery?

A Well, sir, actually, we will have two ways. We will have, of course, on our transports or vacuum truck, we will keep a close gauge on that, and then as we bring it into our treating plant, we will have a gauge on the tank that is pumped into before we start, and then after we get through, then we compare that to our gauge, or amount that we had in the transport that we picked it up with.

Q Well, now, will you be comingling the lease oil in your pickup truck, your pickup transport?

A Not very often. With a few exceptions, you might be. Say, on two different tank bottoms, maybe one of them might be a San Andres stock tank, you know, well, and the other one might be a Penn, but that would be all a tank bottom, see; it wouldn't be actually, at that time, a merchantable oil.

Q Well, what I'm getting at is how you will determine the amount of oil you pick up from each tank battery so that it can be properly charged to the wells and to the lease.

A At that time, in case that we did, say, clean two tanks, we would have to have, after we cleaned one, we'd have to know exactly what we had in that tank before, then, we went to the other one.

If it's another lease or another pay, you'd have to,

you know, keep records on all of it.

Q And you measure this with -- well, what is your measuring method when you put it in the truck?

A They have sticks, just kind of --

Q Just sticks?

A Yes, and then also a gauge.

Q And to be accurate, your truck would have to be level; right?

A It would have to be pretty level, yes, sir. Sure would.

Q You can do this in most instances?

A Yes, sir.

Q Now, getting to your plant site itself, what kind of fire prevention measures are you going to use?

A Well, sir, we actually hadn't gone into that. Probably what would be better would be just a fire ditch around this five acres that we have proposed. Of course, this five acres does have a water well, and we should have plenty of water there with the required fire-fighting equipment. But to keep away from the prairie fire, why, we would have to blade a ditch or a streak around the border lines, each place.

Q You have a total capacity here of three five hundredths, and your 750 barrel will be mostly water?

A Yes, sir. The purpose for that is on some of this oil, you know, has a lot of salt in it or iron oxide and to actually treat it out, you have to give it a bath. You have to pump it in at the bottom of this oil bath tank, so that it can come up through the water and then have it tall enough to where it will gravity over into stock tanks.

Q Then your total capacity here will be slightly over 1500 barrels?

A Yes, sir, with that water bath tank, would be around 2250. Of course, there would be part of that water.

Q If you should get a fire in one five hundred barrel tank, it's reasonable to assume you might have 1500 barrels of oil on the ground; is that correct?

A It's possible that you could have all of them full; yes, sir.

Q What are you going to do in order to keep this oil contained somewhere within the plant site? Are you going to dike it, are you going to ditch it, or what?

A Yes, sir. We will have a ditch, or a dike around the acreage.

Q Sufficient to hold the 1500 barrels?

A Yes, sir.

MR. UTZ: Any other questions of the witness?

CROSS EXAMINATION

BY MR. HATCH:

Q Your application gave proposed location eighteen miles west of Tatum, or one mile west of Tatum, maybe. Do you have a definite location for the plant?

A Well, sir, we hope that by now -- we haven't talked to them this morning. Now, this is our first choice, and actually, it's fifteen miles. It's right on the corner of what they call the Lane Road and County Road 457, and it's right in the corner there. That's in the estate of the Eppersons, and they were going to see Mrs. Epperson this morning.

That is, Allen Church of Tatum there was going to contact them this morning, and he was pretty sure that he would get that.

Q I think the Commission would like for you to submit a plat showing the exact location and probably after, your more complete diagram of the installation, showing the safety precautions.

MR. UTZ: Yes. I'm sure we would need the exact location of the plant, by township and range description.

THE WITNESS: Yes, sir.

MR. UTZ: And we would also like a little more

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detailed diagram of your plant showing what you plan to do for safety precautions.

THE WITNESS: I see.

MR. UTZ: Can you furnish us that?

THE WITNESS: Yes, sir. We sure could.

Q (By Mr. Hatch) Mr. Wright, do you have a bond?

A Yes, sir. We have everything just, you know, standing by. The bond is approved and everything.

MR. HATCH: That's all the questions.

MR. UTZ: Well, until we get the information discussed, we'll stand by, too.

THE WITNESS: All right, sir.

MR. UTZ: Are there other questions of the witness? You may be excused. Thank you, sir.

(Witness excused.)

Do you have another witness, or do you present the whole case?

MR. WRIGHT: Well, Jack Gibbins is with me, if he has something he'd like to say.

MR. GIBBINS: Yes, I might. On this measuring that oil that we're getting out of these tanks off of different leases.

MR. UTZ: Have you been sworn?

MR. GIBBINS: No, I haven't yet.

(Witness sworn.)

THE WITNESS: Like on this, what you're talking about on gauging that oil out of each separate tank battery?

MR. UTZ: Yes, sir.

THE WITNESS: You can gauge the tank before you load the truck and you'll have accurate gauging.

MR. UTZ: So you use the tank gauge rather than the other gauge?

THE WITNESS: That's right. That's all I have, sir.

MR. UTZ: Any statements in this case?

The case will be taken under advisement.

MR. WRIGHT: Sir, I have one more question, if I'm not interrupting.

MR. UTZ: Sure.

MR. WRIGHT: Do we need this bond intact with everything complete before --

MR. HATCH: Before operation, not before the decision on the hearing here can be made. But it requires, before you do any actual operation of the bond.

MR. WRIGHT: Yes, sir. Thank you very much.

MR. UTZ: So if you can get the information we need, we can go ahead and write an order, but your bond's no problem.

MR. HATCH: We don't need the bond before the order



is written, but you have to have the bond before you start operating.

MR. WRIGHT: Yes, sir.

MR. UTZ: We'll take a ten-minute recess.

I N D E X

| <u>WITNESS</u>                 | <u>PAGE</u> |
|--------------------------------|-------------|
| L. Q. WRIGHT                   |             |
| Direct Examination by Mr. Utz  | 4           |
| Cross Examination by Mr. Hatch | 8           |

EXHIBITMARKED

Applicant's 1

2

STATE OF NEW MEXICO     )  
                                       ) ss  
 COUNTY OF BERNALILLO    )

I, DAVID BINGHAM, a Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

David Bingham  
 COURT REPORTER

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the hearing before the New Mexico Oil Conservation  
 Commission held by me on April 29, 1942 at 4342

Thurston  
 New Mexico Oil Conservation Commission

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# FAMARISS OIL AND REFINING COMPANY

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P. O. BOX 980  
HOBES, NEW MEXICO 88240

TELEPHONE (505) 393-6116

September 3, 1970

Mr. A. L. Porter  
New Mexico Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Dear Pete:

It has been called to my attention the order of the Commission No. R-3960 in the instance of Case No. 4342 whereby Dearing, Wright, Gibbins, and Church d/b/a New Mexico Petroleum Company have been given authority to establish an oil treating plant in the SE/4 of Section 25-11S-33E, Lea County, New Mexico. Item 2 of the Order in part states, "....for the reclamation of sediment oil to be obtained from tank bottoms and waste pits."

Please refer to item C on page 45 of the June 1, 1968 edition of the Rules and Regulations of the Oil Conservation Commission. This rule, which is a wise one, requires that before any sediment oil is removed from a lease, the party wishing to remove such oil must file Form C-117-B with the appropriate District Office of the Commission prior to removal of the oil from the lease. It further states that any merchantable oil contained in the sediment oil, which by reference includes pit oil, shall be charged to the allowable of the wells on the originating lease, which I interpret to mean that the allowables for such wells shall be reduced by the amount of merchantable oil contained in the removed sediment.

The rule further states that the operator shall report the amount of such recovered oil on form C-115. All of this paragraph and the preceding paragraphs refer, of course, to producing leases.

Item C of the Rules and Regulations as referred to further states that this rule and requirement does not apply to pipeline systems, pipeline tank bottoms, and/or oil pits containing sediment from pipeline tanks and inclusive in this exemption are those of a refinery and gasoline plant and other non-oil producing sources. In examining some of the Transporters Reports

*file in  
case  
4342*

Mr. A. L. Porter  
September 3, 1970  
Page 2

showing oil sold in the market, there would seem to be some related evidence that this oil originated on producing leases. Too, we are acquainted with all of the pipeline systems, tanks, pits and gathering systems in the area and have knowledge of the disposition of their bottoms which, to the best of my knowledge, have not been routed through the treating and reclaiming plants holding licenses in the state. Also, transporters' and purchasers' reports of some companies will show acquisition of oil from the reclaiming plants which of course then enters the crude oil market.

The question is, as there is no oil available from the exempt sources, then where does such oil come from? Again, item 2 of the Order of the Commission states in unqualified terms that the source of the oil of this particular company shall be tank bottoms and waste pits, but if the order abides in text with the law as it exists, it should be further followed that such oil shall only be acquired from legal sources as defined by the Rules and Regulations of the Commission.

Our interest, of course, is in our own behalf and also as an interested citizen of New Mexico. It was our company who instigated the original hearing before the Oil Conservation Commission in 1946 and we also were a party to the authorship and promulgation of the rules and regulations to cover the operation because when such operation is in the hands of reputable people, it is a service to our state in the conservation of our natural resources, but in the hands of disreputable people it becomes a "license to steal." We are very proud of the permanent records of Famariss Oil and Refining Company and its subsidiary companies which now go back almost 25 years, accounting with complete fidelity for every barrel of reclaimed oil this company has handled.

The purpose of this letter is to invite your attention to the following:

1. Examination of the Operator's C-115 to ascertain that reclaimed oil is being accounted for and allowables reduced thereby.
2. The examination of the acquisition reports of all reclaiming plants for assurance that their designated points of source are valid.

Mr. A. L. Porter  
September 3, 1970  
Page 3

3. The examination of reclaiming plants' recovery reports to be assured that the reclaimed oil versus the disposed of sediments bear reasonable ratios.

4. The examination of transporters' and purchasers' reports to trace the oil purchased from these plants to the valid source of their origin.

5. In the case of a marginal well, there would be no opportunity to charge back the reclaimed oil against allowable because the question becomes moot by virtue of its marginal status. However, while I know of no instance in this state, I do know of instances in two other states where marginal leases were used as a reporting source of reclaimed oil which actually came from proratable leases. This makes most important the examination of source, even though the reported source would seem to be reasonable.

Perhaps after you have had an opportunity to review this letter and reach some conclusions, you may want to drop me a line.

Sincerely yours,

  
WALTER FAMARISS, Jr.

WFj/bm



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87801

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMijo  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

May 12, 1970

Mr. L. Q. Wright  
Post Office Box 401  
Tatum, New Mexico

Re: Case No. 4342  
Order No. R-3960  
Applicant:  
Dearing, Wright, Gibbins, &  
Church

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC c

Artesia OCC

Aztec OCC

Other

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 4342  
Order No. R-3960

APPLICATION OF DEARING, WRIGHT, GIBBINS,  
AND CHURCH, DOING BUSINESS AS NEW MEXICO  
PETROLEUM COMPANY, FOR AUTHORITY TO OPER-  
ATE AN OIL TREATING PLANT, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 29, 1970,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 12th day of May, 1970, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) That the applicants, Dearing, Wright, Gibbins, and  
Church, doing business as New Mexico Petroleum Company, seek  
authority to install and operate a chemical and heating process  
oil treating plant in the SE/4 of Section 25, Township 11 South,  
Range 33 East, NMPM, Lea County, New Mexico, for the reclamation  
of sediment oil to be obtained from tank bottoms and waste pits.

(3) That the proposed plant and method of processing will  
efficiently process, treat, and reclaim the aforementioned waste  
oil, thereby salvaging oil which would otherwise be wasted.

(4) That the subject application should be approved as  
being in the best interest of conservation.



CASE No. 4342  
Order No. R-3960

IT IS THEREFORE ORDERED:

(1) That the applicants, Dearing, Wright, Gibbins, and Church, doing business as New Mexico Petroleum Company, are hereby authorized to install and operate a chemical and heating process oil treating plant in the SE/4 of Section 25, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms and waste pits;

PROVIDED HOWEVER, that the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Commission;

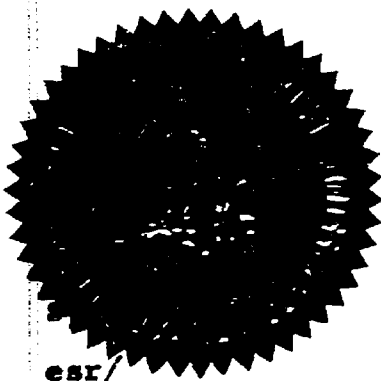
PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Commission a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations, and orders of the Oil Conservation Commission.

(2) That the operators of the above-described oil treating plant shall construct and maintain in proper repair a dike or firewall at least 24 inches in height and completely encircling all of the treating plant facilities and having a capacity at least one-third larger than the combined capacity of all of the enclosed tanks or vessels.

(3) That the operators of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the five-acre tract upon which the plant is located.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*David F. Cargo*  
DAVID F. CARGO, Chairman

*Alex J. Armijo*  
ALEX J. ARMIJO, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

esr/

~~Grant~~

Case 4342

Heard 4-29-70

Rec. 5-5-70

Grant Deering, Wright, Gibbons & Church authority to operate an oil treating plant. They will operate as ~~an~~ <sup>Mar. Petroleum Co.</sup>. Plant will be in Lea Co. but hold order until we get a T. & R. description from applicant.

Require 24" firewall around oil & treating tanks or all treating facilities also, w/ 15' fire line around entire plant site (5 acres).

Thurl [Signature]

P.S. only Tank Bottoms & part oil shall be treated.

Box 401  
Totum H. M.

Admission  
of a new  
plant

*J. Luis*

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION  
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following public hearing to be held at 9:00 o'clock a.m. on APRIL 29, 1970, AT THE OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO, before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner, both duly appointed for said hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and persons  
having any right, title, interest  
or claim in the following cases,  
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian, whether or not so stated.)

CASE 4340:

Application of Tesoro Petroleum Corporation for three waterflood projects and unorthodox injection well locations, McKinley County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute three waterflood projects in the South Hospah Upper Sand Oil Pool by the injection of water through nine injection wells to be drilled at unorthodox locations in Section 1, Township 17 North, Range 9 West, and in Sections 6 and 7, Township 17 North, Range 8 West, McKinley County, New Mexico. Applicant further seeks a procedure whereby additional injection wells and producing wells at unorthodox locations within the project areas may be approved administratively.

CASE 4341:

Application of Pan American Petroleum Corporation for two non-standard gas proration units, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units for its State "C" Tract 13 Well No. 5, a dual completion, located 1980 feet from the North line and 660 feet from the West line of Section 36, Township 21 South, Range 37 East, Lea County, New Mexico, said units to be comprised as follows:

Blinebry Gas Pool - 240 acres - NW/4 and W/2 NE/4  
Tubb Gas Pool - 200 acres - W/2 NW/4, NE/4 NW/4,  
and W/2 NE/4

CASE 4342:

✓ Application of Dearing, Wright, Gibbins, and Church doing business as New Mexico Petroleum Company, for authority to operate an oil treating plant, Lea County, New Mexico.

Applicants, in the above-styled cause, seek authority to install and operate a chemical and heating process oil treating plant in the vicinity of Tatum, New Mexico, for the reclamation of sediment oil to be obtained from tank bottoms, waste pits, and drip tanks.

CASE 4343:

✓ Application of Texaco Inc. for salt water disposal, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated and open-hole interval from 11,194 feet to 11,278 feet in its New Mexico "BB" State (NCT-1) Well No. 2 located in Unit N of Section 11, Township 12 South, Range 32 East, East Caprock-Devonian Pool, Lea County, New Mexico.

CASE 4344:

✓ Application of Texaco Inc. for salt water disposal, Chaves County, New Mexico.

Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from 11,230 feet to 11,503 feet in its B. E. Spencer "B" Federal Well No. 1 located in Unit D of Section 28, Township 15 South, Range 30 East, Little Lucky Lake-Devonian Pool, Chaves County, New Mexico.

✓ CASE 4345:

Application of Yates Drilling Company for salt water disposal, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers and possibly other formations in the open-hole interval from 68 feet to 100 feet in its Galvin Well No. 8 and from 68 feet to 90 feet in its Galvin Well No. 14, both located in Unit N of Section 12, Township 20 South, Range 26 East, West McMillan-Seven Rivers Pool, Eddy County, New Mexico.

CASE 4346:

Application of Yates Drilling Company for a pressure maintenance expansion and promulgation of rules therefor, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks authority to expand the S. P. Yates West McMillan Anderson Pressure Maintenance Project in the West McMillan Seven Rivers-Queen Pool, Eddy County, New Mexico, authorized by Order No. R-3852, by the conversion to water injection of two additional wells located in Units O and P, Section 11, Township 20 South, Range 26 East. Applicant further seeks the designation of a project area, promulgation of rules governing said project, and a procedure whereby other methods of flooding in the subject project may be authorized administratively.

CASE 4347:

Application of Yates Drilling Company for a unit agreement, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval of the Yates North Vacuum (San Andres) Unit Area comprising 800 acres, more or less, of State lands in Sections 1, 2, 11, and 12, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

CASE 4348:

Application of Yates Drilling Company for a waterflood project, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its North Vacuum (San Andres) Unit Area by the injection of water into the San Andres formation through 9 wells located in Sections 1, 2, 11, and 12, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.

CASE 4349:

Application of Tenneco Oil Company for a waterflood expansion and unorthodox injection well locations, McKinley County, New Mexico.

Applicant, in the above-styled cause, seeks to expand the waterflood project in its South Hospah Unit Area by the injection of water into the South Hospah Upper Sand Oil Pool, McKinley County, New Mexico, through two additional injection wells at unorthodox locations in Section 12, Township 17 North, Range 9 West, as follows:

Unit Well No. 41 - 5 feet from the North line and  
1650 feet from the East line;

Unit Well No. 42 - 3000 feet from the North line  
and 5 feet from the East line.

CASE 4350:

Application of Cities Service Oil Company  
for an exception to Order No. R-3221, as  
amended, Chaves County, New Mexico.

Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Snyder Federal lease comprising the S/2 NE/4 and N/2 SE/4 of Section 26, Township 15 South, Range 29 East, Sulimar-Queen Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells on said lease in an unlined surface pit located in Unit H of said Section 26.

CASE 4351:

Application of Humble Oil & Refining Company  
for well reclassification and simultaneous  
dedication of acreage, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks the reclassification of its New Mexico "G" State Well No. 5 from an oil well in the Eumont Pool to a gas well in said pool. Applicant further seeks the dedication of a standard 640-acre gas proration unit comprising all of Section 23, Township 21 South, Range 36 East, Lea County, New Mexico, to said Well No. 5 and to applicant's New Mexico "G" State Well No. 9, located, respectively in Units E and G of said Section 23, and authority to produce the allowable assigned to said unit from either of said wells in any proportion.

CASE 4352:

Application of Jack L. McClellan for  
the creation of a new gas pool or, in  
the alternative, the establishment of  
pool rules for two existing pools,  
Chaves and Lea Counties, New Mexico.

Applicant, in the above-styled cause, seeks the creation of a new Queen gas pool comprising the following-described acreage:

CHAVES COUNTY, NEW MEXICO

Township 15 South, Range 29 East

Section 11: SE/4  
Section 12: SW/4  
Section 13: NW/4  
Section 14: E/2  
Section 23: NE/4 and SW/4

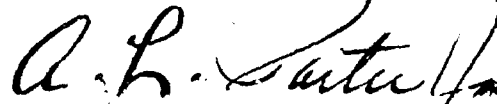
NOTE - CASE 4352 continued on page 5

CASE 4352 continued from page 4

In the alternative applicant seeks the promulgation of special rules for the Sulimar-Queen Pool, Chaves County, and Double L-Queen Pool, Chaves and Lea Counties, New Mexico, as separate or as consolidated pools, including provisions for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and an allocation formula for withdrawals by oil wells and gas wells.

GIVEN under the seal of the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 10th day of April, 1970.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



A. L. PORTER, Jr., Secretary-Director

S E A L



DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 29, 1970

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4340: Application of Tesoro Petroleum Corporation for three waterflood projects and unorthodox injection well locations, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute three waterflood projects in the South Hospah Upper Sand Oil Pool by the injection of water through nine injection wells to be drilled at unorthodox locations in Section 1, Township 17 North, Range 9 West, and in Sections 6 and 7, Township 17 North, Range 8 West, McKinley County, New Mexico. Applicant further seeks a procedure whereby additional injection wells and producing wells at unorthodox locations within the project areas may be approved administratively.

CASE 4341: Application of Pan American Petroleum Corporation for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units for its State "C" Tract 13 Well No. 5, a dual completion, located 1980 feet from the North line and 660 feet from the West line of Section 36, Township 21 South, Range 37 East, Lea County, New Mexico, said units to be comprised as follows:

Blinebry Gas Pool - 240 acres - NW/4 and W/2  
NE/4

Tubb Gas Pool - 200 acres - W/2 NW/4, NE/4  
NW/4 and W/2 NE/4

CASE 4342: Application of Dearing, Wright, Gibbins, and Church, doing business as New Mexico Petroleum Company, for authority to operate an oil treating plant, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to install and operate a chemical and heating process oil treating plant in the vicinity of Tatum, New Mexico, for the reclamation of sediment oil to be obtained from tank bottoms, waste pits, and drip tanks.

- CASE 4343: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated and open-hole interval from 11,194 feet to 11,278 feet in its New Mexico "BB" State (NCT-1) Well No. 2 located in Unit N of Section 11, Township 12 South, Range 32 East, East Caprock-Devonian Pool, Lea County, New Mexico.
- CASE 4344: Application of Texaco Inc. for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from 11,230 feet to 11,503 feet in its B. E. Spencer "B" Federal Well No. 1 located in Unit D of Section 28, Township 15 South, Range 30 East, Little Lucky Lake-Devonian Pool, Chaves County, New Mexico.
- CASE 4345: Application of Yates Drilling Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers and possibly other formations in the open-hole interval from 68 feet to 100 feet in its Galvin Well No. 8 and from 68 feet to 90 feet in its Galvin Well No. 14, both located in Unit N of Section 12, Township 20 South, Range 26 East, West McMillan-Seven Rivers Pool, Eddy County, New Mexico.
- CASE 4346: Application of Yates Drilling Company for a pressure maintenance expansion and promulgation of rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the S. P. Yates West McMillan Anderson Pressure Maintenance Project in the West McMillan Seven Rivers-Queen Pool, Eddy County, New Mexico, authorized by Order No. R-3852, by the conversion to water injection of two additional wells located in Units O and P, Section 11, Township 20 South, Range 26 East. Applicant further seeks the designation of a project area, promulgation of rules governing said project, and a procedure whereby other methods of flooding in the subject project may be authorized administratively.
- CASE 4347: Application of Yates Drilling Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Yates North Vacuum (San Andres) Unit Area comprising 800 acres, more or less, of State lands in Sections 1, 2, 11, and 12, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

CASE 4348: Application of Yates Drilling Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its North Vacuum (San Andres) Unit Area by the injection of water into the San Andres formation through 9 wells located in Sections 1, 2, 11, and 12, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.

CASE 4349: Application of Tenneco Oil Company for a waterflood expansion and unorthodox injection well locations, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks to expand the waterflood project in its South Hospah Unit Area by the injection of water into the South Hospah Upper Sand Oil Pool, McKinley County, New Mexico, through two additional injection wells at unorthodox locations in Section 12, Township 17 North, Range 9 West, as follows:

Unit Well No. 41 - 5 feet from the North line and 1650 feet from the East line;

Unit Well No. 42 - 3000 from the North line and 5 feet from the East line.

CASE 4350: Application of Cities Service Oil Company for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Snyder Federal lease comprising the S/2 NE/4 and N/2 SE/4 of Section 26, Township 15 South, Range 29 East, Sulimar-Queen Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells on said lease in an unlined surface pit located in Unit H of said Section 26.

CASE 4351: Application of Humble Oil & Refining Company for well reclassification and simultaneous dedication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of its New Mexico "G" State Well No. 5 from an oil well in the Eumont Pool to a gas well in said pool. Applicant further seeks the dedication of a standard 640-acre gas proration unit comprising all of Section 23, Township 21 South, Range 36 East, Lea County, New Mexico, to said Well No. 5 and to applicant's New Mexico "G" State Well No. 9,

located, respectively in Units E and G of said Section 23, and authority to produce the allowable assigned to said unit from either of said wells in any proportion.

CASE 4352: Application of Jack L. McClellan for the creation of a new gas pool or, in the alternative, the establishment of pool rules for two existing pools, Chaves and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Queen gas pool comprising the following-described acreage:

CHAVES COUNTY, NEW MEXICO

Township 15 South, Range 29 East

Section 11: SE/4

Section 12: SW/4

Section 13: NW/4

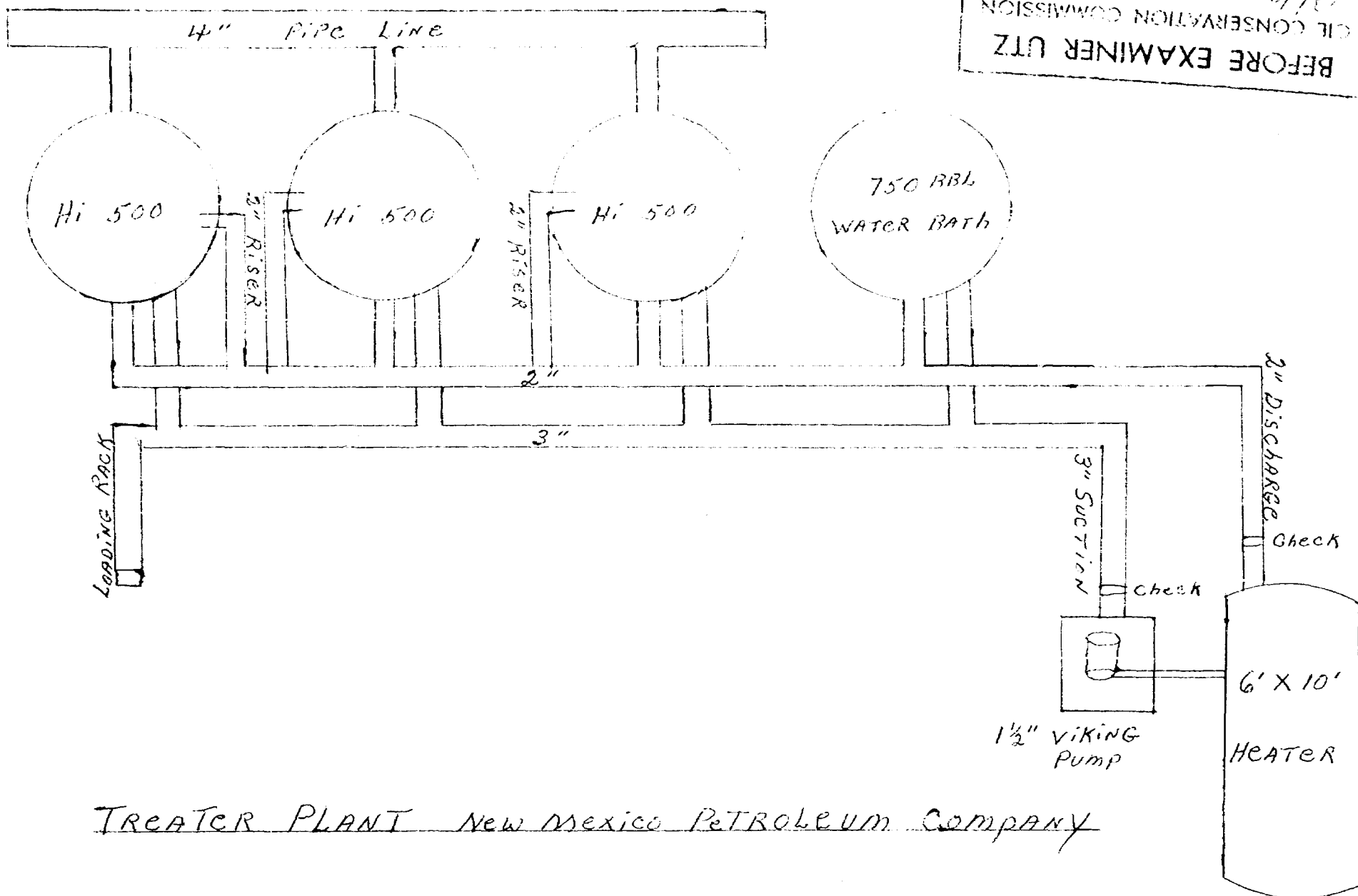
Section 14: E/2

Section 23: NE/4 and SW/4

In the alternative applicant seeks the promulgation of special rules for the Sulimar-Queen Pool, Chaves County, and Double L-Queen Pool, Chaves and Lea Counties, New Mexico, as separate or as consolidated pools, including provisions for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and an allocation formula for withdrawals by oil wells and gas wells.

CASE 4353: Application of Lone Star Producing Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units.

CASE NO. 17-277-7  
EXHIBIT NO. 1  
OIL CONSERVATION COMMISSION  
BEFORE EXAMINER UTZ



TREATER PLANT New Mexico Petroleum Company

LETTER OF INTENT:

J. M. Huber Corporation

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

Ray Vaught  
Company Representative

4/17/20  
Date

LETTER OF INTENT:

(McAlester Fuel Co.)

McAlester Fuel Co

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

J. F. Cannon  
Company Representative

4-13-1970  
Date

LETTER OF INTENT:

Phillips Pet. Co (Phillips Pet. Co.)

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

L. B. Baker  
Company Representative

4-13-71  
Date



LETTER OF INTENT:

Stoltz & Co. (Stoltz & Co.)

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

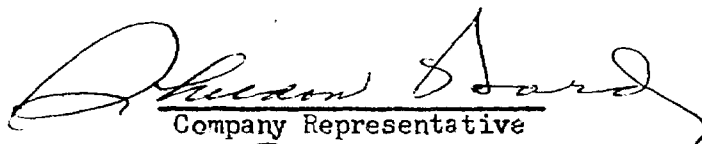
P. A. Marshall  
Company Representative

3-30-70  
Date

LETTER OF INTENT:

Texas and Pacific Oil Company

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

  
Company Representative

Apr 9 - 1970  
Date

LETTER OF INTENT:

Tipperary Res Corp (Tipperary Resources Corp.)

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

C. A. Howell  
Company Representative

3-30-70  
Date

LETTER OF INTENT:

Skelly Oil Co. (Skelly Oil Co.)

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

B. J. Kelly  
Company Representative

3-30-70  
Date

NEW MEXICO PETROLEUM COMPANY

BOX 401

TATUM, NEW MEXICO

Letter of intent to:

Amini Oil Corp.

From New Mexico Petroleum Company to clean tank  
bottoms, recovery of waste pits and drip tanks  
on your New Mexico Leases.

Amini Oil Corp.  
J. Johnson

March 18, 1970

NEW MEXICO PETROLEUM COMPANY

BOX 401

TATUM, NEW MEXICO

Letter of intent to:

Mobil Oil Company

From New Mexico Petroleum Company to clean tank  
bottoms, recovery of waste pits and drip tanks  
on your New Mexico Leases.

B. Gentry Mobil Oil CO

March 20, 1970

408 W Wall

LETTER OF INTENT:

R. R. Morrison

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

J. G. Rye  
Company Representative

4/20/70  
Date

NEW MEXICO PETROLEUM COMPANY

BOX 401

TATUM, NEW MEXICO

Letter of intent to:

Read and Stevens Inc.

From New Mexico Petroleum Company to clean tank  
bottoms, recovery of waste pits and drip tanks  
on your New Mexico Leases.

Read & Stevens Inc.  
By Sam A. Snow

March 27, 1970



LETTER OF INTENT:

Sun Oil Company

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

*Sun Oil Co*  
*By J. J. Sweeney*  
\_\_\_\_\_  
Company Representative  
*4-8-70*  
\_\_\_\_\_  
Date

LETTER OF INTENT:

Cabot Corp.

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

Cabot Corp.  
H. D. Rich  
Company Representative

4-6-1970  
Date

LETTER OF INTENT:

Cayman Corporation (Cayman Corporation)

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

Ellis  
Company Representative

3-31-70  
Date

LETTER OF INTENT:

Felmont Oil Company

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

*L. B. Green*  
Company Representative

*4-4-70*  
Date

LETTER OF INTENT:

Roger C. Hanks

For New Mexico Petroleum Company to clean tank bottoms,  
recovery of waste pits and drip tanks on our New Mexico  
Leases.

Betty E. Coone  
Company Representative

4-13-70  
Date

NEW MEXICO PETROLEUM COMPANY

BOX 401

TATUM, NEW MEXICO

Letter of intent to:

APACHE OIL CORP. (Apache Oil Corp.)

From New Mexico Petroleum Company to clean tank  
bottoms, recovery of waste pits and drip tanks  
on your New Mexico Leases.

Ellis W. Ryan

March 18, 1970

NEW MEXICO PETROLEUM COMPANY

BOX 401

TATUM, NEW MEXICO

Letter of intent to:

Allen K. Trobaugh (Allen K. Trobaugh)

From New Mexico Petroleum Company to clean tank  
bottoms, recovery of waste pits and drip tanks  
on your New Mexico Leases.

A. R. White

March 21, 1970

70 MAR 30 AM 6 03

Case 4342

March 26, 1970

Mr. A. L. Porter, Jr.  
New Mexico Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

In accordance with rule 312 of your Rules and Regulations, Revised, dated June 1, 1968, we, W. S. Dearing, L. Q. Wright, C. D. Gibbins and Allen Church, proposing to do business as New Mexico Petroleum Company, to be located in Tatum, Lea County, New Mexico, herewith submit our written application for a treating plant permit.

PROPOSED LOCATION: 18 miles west of Tatum, Lea County, New Mexico,  
ALTERNATE: 1 mile west of Tatum, Lea County, New Mexico.

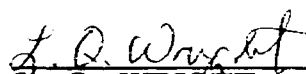
PROPOSED CAPACITY: 2250 barrels.

PROPOSED TYPE AND METHOD OF TREATMENT: The sediment oil will be obtained from tank bottoms, waste pits and drip tanks. Said oil will be transported to the proposed treatment plant, thereafter said oil will be treated through a chemical and heating process by circulation. The above described process will produce merchantable oil for resale to various consumers. It is our intention to process the sediment oil in the same manner as is customary in other treating plants located in Lea County, New Mexico.

We, the undersigned, respectfully request a hearing to determine whether the above described proposal of processing will efficiently process, treat and reclaim sediment oil.

Respectfully submitted,

  
W. S. DEARING

  
L. Q. WRIGHT

  
C. D. GIBBINS

  
ALLEN CHURCH



DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

RECORDS CENTER

CASE No. 4342

Order No. R- 3760

*gm*  
APPLICATION OF DEARING, WRIGHT, GIBBINS,  
AND CHURCH, DOING BUSINESS AS NEW MEXICO  
PETROLEUM COMPANY, FOR AUTHORITY TO OPER-  
ATE AN OIL TREATING PLANT, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 29, 19670,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of May, 19670, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) That the applicant<sup>s</sup>, Dearing, Wright, Gibbins, and Church,  
doing business as New Mexico Petroleum Company, seek authority to  
install and operate a chemical and heating process oil treating  
plant in the SE 1/4 of Section 25, Township 11 South, Range 33 East  
Lea County, New Mexico, for the reclamation of sediment oil to be  
obtained from tank bottoms <sup>and</sup> waste pits, ~~and drip tanks.~~

(3) That the proposed plant and method of processing will  
efficiently process, treat, and reclaim the aforementioned waste  
oil, thereby salvaging oil which would otherwise be wasted.

(4) That the subject application should be approved as  
being in the best interest of conservation.

IT IS THEREFORE ORDERED:

(1) That the applicant<sup>s</sup>, Dearing, Wright, Gibbins, and Church, doing business as New Mexico Petroleum Company, <sup>are</sup> ~~is~~ hereby authorized to install and operate a chemical and heating process oil treating plant in the SE 1/4 of Section 25, Township 11 South, Range 33 East, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms<sup>but</sup>, waste pits, ~~and~~ drip tanks;

PROVIDED HOWEVER, that the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Commission;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Commission a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations, and orders of the Oil Conservation Commission.

(4) ~~(2)~~ That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

- (2) That the operators of the above-described oil treating plant shall construct and maintain in proper repair a dike or firewall at least 24 inches in height and completely encircling the oil treating plant facilities and having a capacity at least one-third larger than the combined capacity of all of the enclosed tanks or vessels.
- (3) That the operators of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width encircling the fire area tract upon which the