

AM - BETT OIL CO

BEFORE THE OIL CONSERVATION COMMISSION 5 mi N. of Eunice
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. 5883
Order No. R-5411

APPLICATION OF AM-BETT OIL COMPANY,
INC. FOR AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 23, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of April, 1977, 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, Am-Bett Oil Company, Inc., seeks
authority to construct and operate a chemical and heat-treatment
type oil treating plant in Lot 6 of Section 3, Township 21
South, Range 37 East, NMPM, Lea County, New Mexico, for the
reclamation of up to approximately 500 barrels of sediment oil
per day to be obtained from tank bottoms and waste pits.

(3) That dikes, dams and/or emergency pits should be
constructed around the plant capable of holding the entire
capacity of all tanks and vessels at the plant location in
order that sediment oil, reclaimed oil, or waste oil cannot
escape from the immediate vicinity of such plant.

(4) 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.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Am-Bett Oil Company, Inc., is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in Lot 6 of Section 3, Township 21 South, Range 37 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 operator 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 site upon which the plant is located.

(3) That dikes, dams and/or emergency pits shall be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location and capable of preventing the escape of any sediment oil, reclaimed oil, or waste oil from the immediate vicinity of said plant.

(4) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

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


-3-

Case No. 5883

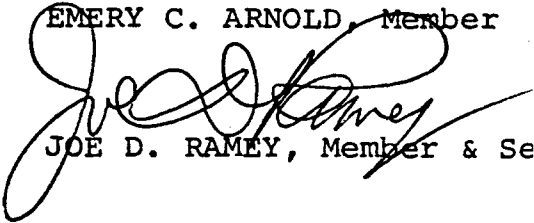
Order No. R-5411

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

dr/

NEW MEXICO
OIL CONSERVATION COMMISSION

\$10,000.00 TREATING PLANT BOND

ENTERED O.C.C.

BOND NO. 1-925-821-5
(For Use of Surety Company)

(Note: File with Oil Conservation Commission, Santa Fe, New Mexico)

KNOW ALL MEN BY THESE PRESENTS:

That Am-Bett Oil, Co. Inc., (an individual)
(partnership) (a corporation organized in the State of _____,
with its principal office in the city of Hobbs, New Mexico State of
New Mexico, and authorized to do business in the State of New
Mexico), as PRINCIPAL, and Ohio Casualty Insurance Company,
a corporation organized and existing under the laws of the State of Ohio,
and authorized to do business in the State of New Mexico with
duly appointed resident agent licensed in the State of New Mexico to execute
this bond on behalf of the surety company, as SURETY, are held firmly bound
unto the State of New Mexico, for the use and benefit of the Oil Conserva-
tion Commission of New Mexico pursuant to Chapter 72, Laws of New Mexico,
1935, as amended, and to the State of New Mexico in the sum of Ten Thousand
(\$10,000.00) Dollars lawful money of the United States for the payment of
which, well and truly to be made, said PRINCIPAL and SURETY hereby bind
themselves, their successors and assigns, jointly and severally, firmly by
these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into
the process of treating and reclaiming sediment oil within the State of New
Mexico,

NOW, THEREFORE, This \$10,000.00 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 Com-
mission; otherwise the principal amount of the bond to be forfeited to the
State of New Mexico.

Signed and sealed this 9th day of May, 19 77.

Am-Bett Oil Company, Inc.
PRINCIPAL

OHIO CASUALTY INSURANCE COMPANY
SURETY

By M. Richard Emerson President
Signature Title

By Edward H. Velhagen
Attorney-in-fact

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

(Note: Corporate surety affix corpo-
rate seal here.)

(Note: If corporate surety executes this bond by an attorney-in-fact not in
New Mexico, the resident New Mexico agent shall countersign here below.

Countersigned by:

Carol L. Lamm
New Mexico Resident Agent

Edward H. Velhagen
Address

ENTERED O.C.C.
fa

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (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.

Notary Public

My Commission expires _____

ACKNOWLEDGMENT FORM FOR CORPORATION

STATE OF New Mexico)
COUNTY OF Lea) ss.

On this 9th day of May, 1977, before me personally appeared M. Richard Amerson, to me personally known who, being by me duly sworn, did say that he is President of Arbitt Oil Co. and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

8-9-80

My Commission expires _____

Danna W. Ruiland
Notary Public

ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico)
COUNTY OF Lea) ss.

On this 9th day of May, 1977, before me appeared Edward H. Velhayer, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-fact of Ohio Casualty Insurance Co. and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

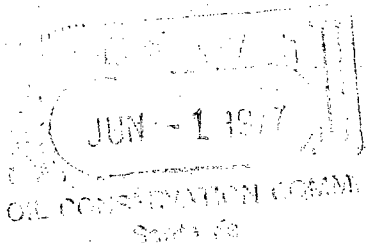
8-9-80

My Commission expires _____

(Note: Corporate surety attach power of attorney.)

APPROVED BY:
OIL CONSERVATION COMMISSION OF NEW MEXICO

By Joel H. Hines



CERTIFIED COPY OF POWER OF ATTORNEY
THE OHIO CASUALTY INSURANCE COMPANY

HOME OFFICE, HAMILTON, OHIO

No. 14-591

Know All Men by These Presents: That THE OHIO CASUALTY INSURANCE COMPANY, in pursuance of authority granted by Article VI, Section 7 of the By-Laws of said Company, does hereby nominate, constitute and appoint: Larry C. Rotherham or Edward H. Velhagen or Gordon E. Macaulay or Gary D. Bolte or Mike Mittelstaedt - - - - - of Albuquerque, New Mexico - - its true and lawful agent and attorney -in-fact, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all BONDS, UNDERTAKINGS, and RECOGNIZANCES, not exceeding in any single instance

ONE MILLION - - - - - (\$ 1,000,000.00 -) Dollars, excluding, however, any bond(s) or undertaking(s) guaranteeing the payment of notes and interest thereon

And the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Hamilton, Ohio, in their own proper persons.

The authority granted hereunder supersedes any previous authority heretofore granted the above named attorney(s)-in-fact.



In WITNESS WHEREOF, the undersigned officer of the said The Ohio Casualty Insurance Company has hereunto subscribed his name and affixed the Corporate Seal of the said The Ohio Casualty Insurance Company this 5th day of April 19 77.

(Signed) Richard T. Hoffman
Assistant Secretary

STATE OF OHIO, }
COUNTY OF BUTLER } SS.

On this 5th day of April A. D. 19 77 before

the subscriber, a Notary Public of the State of Ohio, in and for the County of Butler, duly commissioned and qualified, came Richard T. Hoffman, Assistant Secretary of THE OHIO CASUALTY INSURANCE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn depose and saith, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.



In TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal at the City of Hamilton, State of Ohio, the day and year first above written.

(Signed) Dorothy Bibee
Notary Public in and for County of Butler, State of Ohio
My Commission expires December 11, 1981.

This power of attorney is granted under and by authority of Article VI, Section 7 of the By-Laws of the Company, adopted by its directors on April 2, 1954, extracts from which read:

"ARTICLE VI"

"Section 7. Appointment of Attorney-in-Fact, etc. The chairman of the board, the president, any vice-president, the secretary or any assistant secretary shall be and is hereby vested with full power and authority to appoint attorneys-in-fact for the purpose of signing the name of the Company as surety to, and to execute, attach the corporate seal, acknowledge and deliver any and all bonds, recognizances, stipulations, undertakings or other instruments of suretyship and policies of insurance to be given in favor of any individual, firm, corporation, or the official representative thereof, or to any county or state, or any official board or boards of county or state, or the United States of America, or to any other political subdivision."

This instrument is signed and sealed by facsimile as authorized by the following Resolution adopted by the directors of the Company on May 27, 1970:

"RESOLVED that the signature of any officer of the Company authorized by Article VI Section 7 of the by-laws to appoint attorneys in fact, the signature of the Secretary or any Assistant Secretary certifying to the correctness of any copy of a power of attorney and the seal of the Company may be affixed by facsimile to any power of attorney or copy thereof issued on behalf of the Company. Such signatures and seal are hereby adopted by the Company as original signatures and seal, to be valid and binding upon the Company with the same force and effect as though manually affixed."

CERTIFICATE

I, the undersigned Assistant Secretary of The Ohio Casualty Insurance Company, do hereby certify that the foregoing power of attorney, Article VI Section 7 of the by-laws of the Company and the above Resolution of its Board of Directors are true and correct copies and are in full force and effect on this date.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Company this day of A. D., 19



John H. Rehm
Assistant Secretary



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

April 8, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Am-Bett Oil Company, Inc.
P.O. Drawer 1589
Hobbs, NM, 88241-1589

Case No. 13026
OCD Exhibit 3
May 22, 2003

Ohio Casualty Insurance Company
9450 Seward Road
Fairfield, Ohio 45014-5456

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Re: Oil Treating Plant at Lot 6 of Section 3, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico permitted by Order No. R-5411 issued in Case No. 5883, under date of April 12, 1977.

Ladies and Gentlemen:

The Oil Conservation Division has determined that disposal operations have ceased at the referenced facility, and there has been no significant activity at the facility for a period substantially in excess of six (6) months. Accordingly, pursuant to Rule 711.D [19.15.9.711.D NMAC], the Division has further determined that the referenced facility shall be closed. In the absence of a response to this letter, the Division will proceed with an application for a hearing to show cause why the permit for this facility should not be revoked, the permittee ordered to close the facility in accordance with said Rule 711.D, and the operator's bond forfeited to the extent necessary to defray costs of closing the facility. You posted a surety bond, in the amount of \$10,000, No. 1-925-821-5 issued by Ohio Casualty Insurance Company on May 9, 1977.

Forfeiture may be avoided if the permittee or another party agrees to submit a closure plan and perform closure operations in accordance with Rule 711 and satisfies the Division that such party has the ability to satisfy the conditions required for closure. The surety may assume responsibility for closure of the facility if the surety can demonstrate to the satisfaction of the Division that it has the ability to complete the closure in accordance with a Division-approved plan.

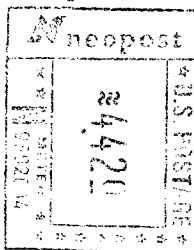
Unless the permittee or surety submits to this office, no later than May 8, 2003 an agreement to submit a closure plan and perform closure operations, the Division will proceed to schedule a permit revocation hearing.

State of New Mexico
ENERGY, MINERALS and NATURAL RESO

CERTIFIED MAIL

1220 South Saint Francis Drive
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

7001 1740 0004 3929 8324



Name _____
Office APR 15 2003
Notice _____
Return _____

**NOT DELIVERABLE AS
ADDRESSED-UNABLE
TO FORWARD**

Am-Bett Oil Company, Inc.
P.O. Drawer 1589

87502/6429

<p>711-047</p> <p>4-8-03 myk</p> <p>SENDER:</p> <ul style="list-style-type: none"> ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered. 		<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>	
<p>3. Article Addressed to:</p> <p>OHIO CASUALTY INSURANCE CO.</p> <p>9450 SEWARD ROAD</p> <p>FAIRFIELD, OHIO 45014-5456</p>		<p>7001 1 16 2003</p> <p>4b. Service Type</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified</p> <p><input type="checkbox"/> Express Mail <input type="checkbox"/> Insured</p> <p><input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD</p> <p>7. Date of Delivery</p> <p>4-14-03</p>	
<p>5. Received By: (Print Name)</p> <p>Joe Rowsey</p>		<p>8. Addressee's Address (Only if requested and fee is paid)</p>	
<p>6. Signature: (Addressee or Agent)</p> <p>X Joe Rowsey</p>			
<p>PS Form 3811, December 1994</p> <p>102595-97-B-0179 Domestic Return Receipt</p>			

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

Am-Bett Oil Company, Inc.
Permit via Order 5883, Environmental File 711-047
OCD Inspection May 20, 2003
Larry Johnson, Hobbs District Office

Case No. 13C26

OCD Exhibit 4

May 22, 2003



Photo 1: Contaminated soil on upper slope, outflow pipe from upper slope to former pit area. The former pit area is in the foreground below the slope. Photo taken looking east.

Am-Bett Oil Company, Inc.
Permit via Order 5883, Environmental File 711-047
OCD Inspection April 2, 1997
Martyne Kieling,

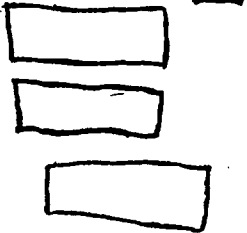


Photo 2: Pit area pushed in and outflow pipe extending from upper slope. Photo taken looking southeast.

HM Bett Oil Inc.

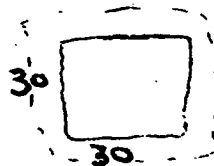
10/6/78

Carbon
Plant

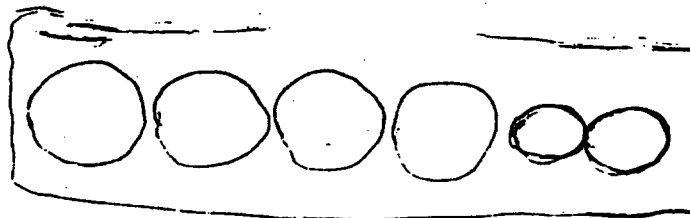


3 ft deep -
with 2 ft BS & Oil
approx 300 ft South
of HM-Bett Bottom

Pumping Well.
Shell #8
3-21-37 approx 150 ft South.



approx 4 ft deep
with 2 ft BS & Oil in it.



AM-Bett Oil
F SE/4 - NW/4
3-21-37

Pit is catche

(30x30x2) (30x30x2)

Location + Facility in good condition fenced & taken care of
approx 5 mile North of Eunice
No water well in area

Closest dwelling approx 1 mile SW
SW/4 NW/4 Set 3 T21 R37

Poste
11/3/79

15
Hobbs