

**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. 13166
ORDER NO. R-6095-A**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE ENVIRONMENTAL BUREAU CHIEF TO REVOKE THE
PERMIT OF WATSON TREATING PLANT TO OPERATE AN OIL
TREATMENT PLANT, AND TO RELEASE THE SURETY BOND, ROOSEVELT
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 9, 2003, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11th day of February, 2004, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-6095 issued in Case No. 6616 on September 10, 1979, the Division authorized Watson Treating Plant ("Watson") to operate a chemical and heat-treatment type oil treating plant in the SE/4 NW/4 of Section 34, Township 8 South, Range 35 East, NMPM, Roosevelt County, New Mexico, for the reclamation of up to approximately 200 barrels of sediment oil per day to be obtained from tank bottoms, disposal water and waste pits.

(3) In accordance with Division rules, a \$25,000 surety bond was posted with the Division for this oil treatment site on or about January 1, 1987 (Bond No. BO1148). The principal on this bond is Watson Treating Plant, Inc., and the surety for this bond is the Underwriters Indemnity Company of Houston, Texas.

(4) The Oil Conservation Division ("Division") seeks an order:

- (a) rescinding Watson's oil treatment permit; and
- (b) releasing the surety bond for this facility.

(5) The evidence presented demonstrates that by letter dated February 17, 1988, the Division authorized Watson to relocate its oil treating plant from Section 34, Township 8 South, Range 35 East, NMPM, to a site within Section 12, Township 8 South, Range 34 East, NMPM, both in Roosevelt County, New Mexico.

(6) A representative of the Division's Santa Fe Environmental Bureau appeared at the hearing and presented evidence that demonstrates that:

- (a) Watson, at the direction of the Division's Santa Fe Environmental Bureau, has cleaned up the oil treatment site located within Section 12; and
- (b) based upon a closure plan submitted by Watson, and based upon several inspections of the facility by OCD personnel during closure, the Division's Santa Fe Environmental Bureau, by letter dated May 2, 2003, approved the closure of the oil treatment site in Section 12.

(7) The Division's witness, under cross examination, was unable to address whether: (i) Watson did construct and operate an oil treating plant at the originally permitted site within Section 34; and (ii) this original site has been cleaned and closed in accordance with Division rules.

(8) The \$25,000 surety bond is site specific and does apply to Watson's originally permitted site within Section 34.

(9) There is insufficient evidence in this case to demonstrate that the originally permitted site in Section 34 has been cleaned and closed in accordance with Division rules; therefore the surety bond cannot be released at this time.

(10) The Division, prior to releasing Surety Bond No. BO1148, should ascertain whether a treating plant ever existed at the originally permitted location in Section 34, and if so, whether the treating plant site has been cleaned and closed in accordance with Division rules.

(11) Notice of this application was sent via certified mail by the Division to Watson on September 17, 2003. This notice was received by Watson on September 24, 2003.

(12) Watson did not appear at the hearing to protest the application.

(13) The evidence presented demonstrates that the Watson Treating Plant located in Section 12, Township 8 South, Range 34 East, NMPM, has been cleaned up to the satisfaction of the Division's Santa Fe Environmental Bureau and that the treating plant permit is no longer necessary and should therefore be revoked.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Oil Conservation Division, Watson Treating Plant's authority to operate an oil treatment facility located in either Section 34, Township 8 South, Range 35 East, or Section 12, Township 8 South, Range 34 East, NMPM, Roosevelt County, New Mexico, initially authorized, respectively, by Division Order No. R-6095 dated September 10, 1979, and by Division letter dated February 17, 1988, is hereby revoked.

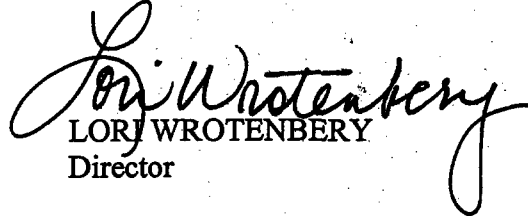
(2) The \$25,000 surety bond for Watson Treating Plant, Inc. (Bond No. BO1148) posted with the Division on or about January 1, 1987, the surety of which is the Underwriters Indemnity Company of Houston, Texas, may be released by the Division at such time as the Division's Santa Fe Environmental Bureau determines either that a treating plant never existed at the originally permitted location in Section 34, or that the treating plant site at that location has been cleaned and closed in accordance with Division rules.

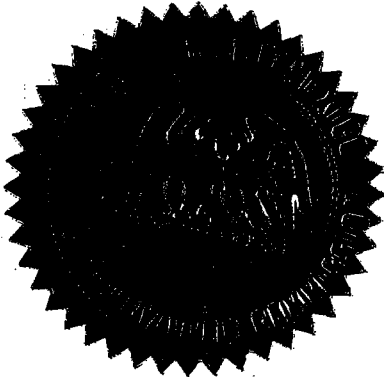
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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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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