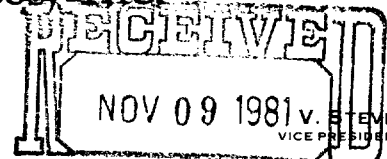


Ed L. Reed and Associates, Inc.

Consulting Hydrologists

1109 N. BIG SPRING
MIDLAND, TEXAS 79701
915 682-0556

ED L. REED, P.E.
PRESIDENT
A. JOSEPH REED
EXECUTIVE VICE PRESIDENT
CHESTER F. SKRABACZ
VICE PRESIDENT FIELD OPERATIONS



OIL CONSERVATION COMMISSION
SANTA FE
915 944-2120
1900 SHERWOOD WAY
SAN ANGELO, TEXAS 76901

November 6, 1981

Case 5899

Mr. Joe D. Ramey, Director
Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Re: Parabo, Inc.

Dear Joe:

Pursuant to our telephone conversation of this date, this will confirm our agreement to modify the dike around Pit No. 6 at Parabo, Inc., as requested in my letter of April 16, 1981 and authorized by your letter of July 17, 1981.

The dike has been constructed to an elevation of 3450'. The maximum fluid level will be maintained to an elevation of 3447'. The dike elevation is identical to the dike around Pit No. 5. Thus, a 3-foot freeboard will be maintained along both the Pit No. 5 dike and the new Pit No. 6 dike.

As we discussed in our telephone conversation, the previously proposed and approved dike elevation of 3453' has not been utilized because as we completed the cleaning of the bottom of the pit, we found that a 3447' fluid level was more than adequate. It is obvious that there has been a cost savings to Parabo but there has been no change in either the evaporation potential nor compromise of any of our prior design and safety standards.

Thank you for your usual hospitality, consideration and cooperation.

Very truly yours,

V. Steve Reed

V. Steve Reed

VSR/da

cc:

Mr. Robert P. Wallach

Mr. Ray A. Wallach

Mr. R. E. Richards



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

October 10, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. R. E. Richards
119 North Dalmont
Hobbs, New Mexico 88240

Dear Bob:

As provided in Order No. R-5516, permission is granted to extend your disposal area as outlined in the attachments to your letter of September 24, 1980.

I would expect you to give the necessary notification to the Hobbs office so they may make inspections prior to your completion of work.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Law Offices
H. E. Richards
Attorney at Law

119 North Dalmont
HOBBS, NEW MEXICO 88240

(505) 393-7737

P. O. Box 761

September 24, 1980

Mr. Joe D. Ramey, Director
New Mexico Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

File R-5516

Parabo, Inc./Salt Water Disposal
Order No. F-5516

Pit 5

Dear Joe:

Enclosed please find a report and proposal letter prepared by V. Steve Reed of Ed L. Reed & Associates, with an accompanying map with a proposed diking and construction of what I would call Pit 6.

I believe the map to be quite self-explanatory but note that one of the changes would be the necessity of relocating the infamous "Ramey hole". I have discussed this horizontal monitor hole at length with Steve and he assures me that the relocation will continue the purposes in the Commission's original Order regarding such hole. The proposed pit should be from between 11 1/2 and 14 1/2 acres upon completion and would give substantial additional area for disposal.

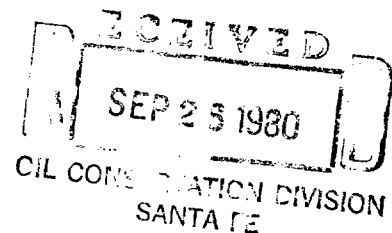
Should you find the enclosures to be in order and the proposal satisfactory to you and your staff, I would appreciate your authorization to proceed to construction, reserving the right of course for final inspection by you or members of your staff prior to utilization.

With best personal wishes, I remain

Very truly yours,

HER
R. E. RICHARDS

RER/da
enclosures



cc:
Parabo, Inc.
Post Office Box 1383
Hobbs, New Mexico 88240 (w/o enc)

Mr. V. Steve Reed
Ed L. Reed and Associates, Inc.
Oil Industries Bldg., Suite 315
723 Upper N. Broadway
Corpus Christi, Texas 78403 (w/o enc)

Ed L. Reed and Associates, Inc.

Consulting Hydrologists

MIDLAND - CORPUS CHRISTI
TEXAS

ED L. REED, P.E.
PRESIDENT

A. JOSEPH REED
EXECUTIVE VICE PRESIDENT

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VICE PRESIDENT FIELD OPERATIONS

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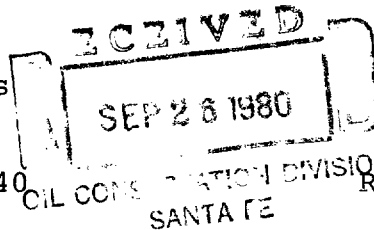
V. STEVE REED
VICE PRESIDENT GEOLOGY

OIL INDUSTRIES BLDG.
SUITE 315

723 UPPER N. BROADWAY
CORPUS CHRISTI, TEXAS 78403
512-883-1353

September 19, 1980

Mr. Robert E. Richards
Attorney at Law
P.O. Box 761
Hobbs, New Mexico 88240



Re: Parabo, Inc.

Dear Bob:

Enclosed is a map showing the location of a proposed dike which would be used to construct a new salt water evaporation pond east of Pit #1. The proposed dike would be tied in to the existing dike "B" near test hole #19. The other end of the dike would be keyed in to red bed where it reaches an elevation of 3450' just north of test hole #325. The design elevation for this dike is 3450'. The maximum designed water level elevation is 3446'. Between test hole locations 14 and 309 the dike will either be built in a trench cut through the overburden or if built along the edge of the pit, the front face of the dike will be riprapped. One of these procedures will be used to stabilize the dike where it will be in excess of 10 feet high.

Existing monitor holes 1 and 2 will be plugged with cement and monitor holes 52 through 61 will be drilled. These monitor holes will be drilled to an elevation of 3425'. Four inch PVC will be installed and perforated from total depth to an elevation of 3446'. Additionally, the horizontal monitor hole underlying dike "B" will be plugged with cement and a new horizontal monitor hole will be constructed beneath the dike in the vicinity of test hole 303. This monitor hole, labeled #62 on the enclosed map, will be constructed 6 to 10 feet below the top of the red bed and will extend at least 5 feet beyond the front face of the dike.

The dike for Pit #3 has now been completed as shown on the enclosed map. The top of the dike is at an elevation of 3461' or higher. The fluid level in Pit #3 will be maintained at an elevation of 3457' or lower.

If you have any questions, please call.

Very truly yours,

V. Steve Reed

V. Steve Reed

cc: Parabo, Inc.