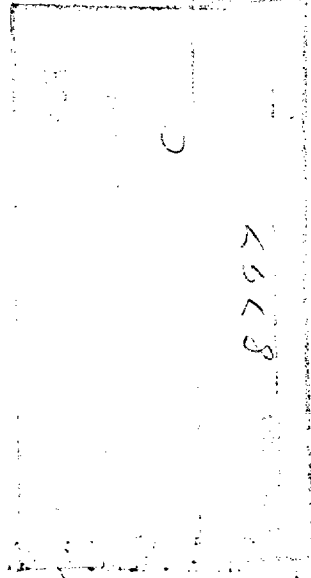


ENERSOURCE INC

NEQ Sec 1 T20 R36 Lea County N. Mex



8797

POINT OF BEGINNING FOR TRACT PURCHASED FROM STATE

FROM STATE

POINT OF BEGINNING FOR TRACT PURCHASED FROM WARREN

H2O TO RICE ENGINEERING

N 89° 58' E 600.0'

S 89° 58' W 1100.0'

S 0° 6' W 225.0'

N 75° 51' W 515.2'

1.87 ACRE TRACT FROM WARREN PET. CORP.

N 89° 58' E 500.0'

N 89° 58' E 500.0'

N 0° 6' E 100.0'

7.69 ACRE TRACT FROM STATE OF NEW MEXICO

2" CENT. PUMP

6' 4" 24' CRACKING TOWER

HEATER 9,000,000 BTU

3" GEAR PUMP

TRUCK OFF LOADING

OFFICE

3" GEAR TRANSFER PUMP

3" GEAR PUMP TO HEAT OIL

OPERATED BY FLAT SWITCH

ON CRACKING TOWER

H2O DRAIN

3" GEAR PUMP

OIL TRANSFER MANIFOLD

TRUCK OFF LOADING

OFFICE

3" GEAR TRANSFER PUMP

3" GEAR PUMP TO HEAT OIL

MUD OIL

H2O STORAGE

OIL SALES

H2O INJECTOR GUN BL

N 89° 58' E 500.0'

HIGH END CONDENSER

CONDENSATE HIGH END STORAGE

2" CENT. HIGH END H2O DRAIN PUMP

CONDENSATE TRUCK UNLOAD

1000' 100'

1.87

7.69

9.56 ACRE

N 89° 58' E 600.0'

S 0° 6' W 660.0'

S 0° 6' W 350.0'

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8797
Order No. R-8148

APPLICATION OF ENERSOURCE
INC. FOR AN OIL TREATING
PLANT PERMIT, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 9, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 5th day of February, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Enersource Inc. seeks authority to operate a chemical and heat-treatment type oil treating plant at its treatment facility consisting of 9.56 acres located in the NW/4 of Section 1, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

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

(4) The Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

(5) A firewall 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, redrained

oil, waste oil, or water cannot escape from the immediate vicinity of such plant.

(6) The applicant should not retain any unprocessed or processed oil, wastes, or water in any earthen pit on the location.

(7) The waste water associated with the above treating plant will be disposed of at a Division-approved salt water disposal facility operated by Rice Engineering, Inc.

(8) The applicant should not dispose of or store 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 water course or in any other place or in any manner which may constitute a hazard to any fresh water supplies.

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

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Enersource, Inc. is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant at their treatment facility located in the NW/4 of Section 1, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, that prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of 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 Division.

(2) A fire wall 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.

(3) The disposal or storage of waste water or any other waste 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 may constitute a hazard to any fresh water supplies is hereby prohibited.

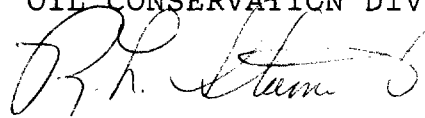
(4) The operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the site upon which the plant is located.

(5) The Director of the Division may administratively grant authority for the expansion or modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rules and Regulations.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS,
Director

S E A L

