

NM - 15

**GENERAL  
CORRESPONDENCE**

**YEAR(S):**  
2005-1987



Marian M. Thompson, CTFA  
Vice President

Private Client Services  
MAC Q2701-012  
Post Office Box 2468  
Roswell, NM 88202-2468  
505 627-7248  
505 622-1748 Fax  
1 800 677-0813 Toll Free

April 28, 2005

Edwin E. Martin  
New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED  
MAY 2 - 2005  
OIL CONSERVATION  
DIVISION

Re: J. M. Keeth (Jesse Marion Keeth), deceased  
Cash Treating Plant Bond #OCD-022

Dear Mr. Martin:

As you know, Mr. Keeth is deceased and Wells Fargo Bank, N. A. is the personal representative of his estate. In order to settle the estate, it is necessary to settle the matter of the referenced cash bond. On behalf of the heirs of the Keeth Estate we, are herein requesting a determination on the release of the bond. From our conversation, it is my understanding the property has been inspected, surface cleanup is evident and the release of the bond is under consideration.

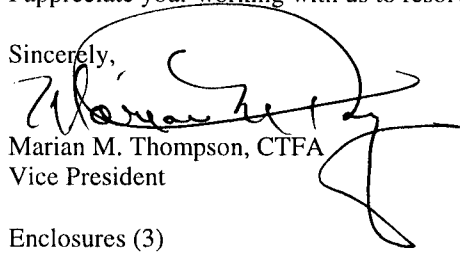
The bank had no knowledge of the cash bond until we received notification from Lea County State Bank that the proceeds of a certificate of deposit, in the amount of \$25,000, had been paid to the estate in error. There were very few records available due to a fire several years ago that destroyed his home. However, through subsequent conversation with his sons, we learned that the cash bond was originally much larger, however thru litigation, etc., a judgment and/or other bonds were awarded to the State of New Mexico, against the previous lessees. At that time, Mr. Keeth's bond was reduced to \$25,000 and held for surface cleanup. The sons were aware of the cleanup commissioned by Mr. Keeth, but were surprised to find out the bond was still in place. I would surmise his failure to pursue the issue was due to Mr. Keeth's advanced age and ill health.

The funds from the certificate of deposit are being held in abeyance, awaiting resolution. However, Lea County State Bank, and rightly so as protection for the bank, has filed a judgment against the estate. Therefore, I would appreciate your copying Mr. Floyd on your response to me. His address is; Mr. Robert Floyd, Vice President, Lea County State Bank, P. O. Box 400, Hobbs, NM 88241-0400.

Enclosed for your files are a copies of Mr. Keeth's death certificate, Letters Testamentary, naming Wells Fargo Bank, N. A., personal representative, and a corporate resolution substantiating my authority to act on behalf of Wells Fargo Bank, N. A. Should you require additional documentation or should this request need revision for your purposes, please advice.

I appreciate your working with us to resolve this matter.

Sincerely,

  
Marian M. Thompson, CTFA  
Vice President

Enclosures (3)

cc: Robert Floyd

CERTIFICATE OF DEATH - Certified by Medical Investigator <input type="checkbox"/> Certified by Physician <input checked="" type="checkbox"/>										Lea		Lovington	
County of Death										City, Town, Location			
1. DECEASED - NAME First Middle Last <b>JESSE MARION KEETH</b>										2. SEX <b>M</b>		3. DATE OF DEATH (mo, day, yr) <b>MAY 2, 2004</b>	
4. DATE OF BIRTH (mo, day, yr) <b>Aug. 28, 1914</b>		5a. AGE - last birthday <b>89</b>		5b. UNDER 1 YEAR MOS. DAYS		5c. UNDER 1 DAY HOURS MINS.		6a. RACE - Specify White, Black, Native American, etc. <b>White</b>		6b. IF NATIVE AMERICAN, Specify Tribal Affiliation (e.g. Zia, Jicarilla, Navajo, etc.) <b>NA</b>			
7. DECEASED HISPANIC? 6c. <input checked="" type="checkbox"/> NO <input type="checkbox"/> Yes Specify: Spanish Mexican Cuban Puerto Rican Other										8. EDUCATION OF DECEASED - Indicate highest grade completed 7. 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 <input checked="" type="checkbox"/> 17			
9. PLACE OF DEATH - Name of hospital or other facility (if neither, give street and number or location) 8a. <b>Thornhill Road</b>										10. HOSPITAL <input type="checkbox"/> Inpatient <input type="checkbox"/> ER/Outpatient <input type="checkbox"/> DOA <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> Nursing Home <input checked="" type="checkbox"/> Residence <input type="checkbox"/> Other (Specify)			
11. STATE OR COUNTRY OF BIRTH <b>Tahoka, Texas</b>		12. CITIZEN OF WHAT COUNTRY <b>USA</b>		13. MARRIED, NEVER MARRIED, WIDOWED, DIVORCED - Specify <b>Widowed</b>		14. SURVIVING SPOUSE (If wife, give birth name) <b>NA</b>		15. WAS DECEASED BY U.S. ARMED FORCE 13. <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO					
16. SOCIAL SECURITY NUMBER <b>[REDACTED]</b>		17. USUAL OCCUPATION (Kind of work done during most of working life, even if retired) <b>Owner/Keeth Gas Company</b>		18. KIND OF BUSINESS OR INDUSTRY <b>Gas</b>		19. RESIDENCE - State <b>New Mexico</b>		20. County <b>Lea</b>		21. City, Town or Location <b>Lovington</b>			
22. STREET AND NUMBER OR LOCATION <b>Thornhill Road</b>		23. ZIP CODE <b>88260</b>		24. INSIDE CITY LIMITS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		25. FATHER - NAME First Middle Last <b>William Henry Keeth</b>		26. MOTHER - BIRTH NAME First Middle Last <b>Nancy Elizabeth Testerman</b>					
27. INFORMANT - NAME (Type or print) <b>Bill Keeth</b>		28. MAILING ADDRESS Street/RFD No. City/Town State <b>P.O. Box 32 Wills Point, Texas 75169</b>		29. METHOD OF DISPOSITION <input checked="" type="checkbox"/> Burial <input type="checkbox"/> Cremation <input type="checkbox"/> Removal from State <input type="checkbox"/> Donation <input type="checkbox"/> Entombment <input type="checkbox"/> Other (Specify)		30. CEMETERY/CREMATORY - Name <b>Resthaven Cemetery</b>		31. LOCATION City/Town State <b>Lovington, New Mexico</b>					
32. FACILITY - NAME <b>Smith-Rogers Funeral Home</b>		33. FACILITY - ADDRESS Street/RFD No. City/Town State <b>4th &amp; Washington Lovington, New Mexico</b>		34. CERTIFIER'S SIGNATURE - On the basis of examination and/or investigation, in my opinion death occurred at the time, date and place and due to the cause(s) stated. <b>Ronald D. Hopkins, D.O.</b>		35. DATE SIGNED (mo, day, yr) <b>MAY 2, 2004</b>		36. HOUR OF DEATH <b>1815</b>					
37. TYPE/PRINT NAME <b>RONALD D. HOPKINS, D.O.</b>		38. ADDRESS <b>1602 N MAIN LOVINGTON, N.M.</b>		39. DATE FILED AT NMVHRS (mo, day, yr) <b>MAY 04, 2004</b>		40. STATE REGISTRAR'S SIGNATURE <b>Celine Sanchez</b>		41. MANNER OF DEATH <input checked="" type="checkbox"/> NATURAL <input type="checkbox"/> ACCIDENT <input type="checkbox"/> SUICIDE <input type="checkbox"/> HOMICIDE <input type="checkbox"/> UNDETERMINED					
42. WAS AN AUTOPSY PERFORMED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		43. IF YES, were findings considered in determining cause of death? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		44. LOCATION WHERE AUTOPSY WAS PERFORMED (CITY, STATE)		45. WAS RECENT SURGICAL PROCEDURE PERFORMED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		46. IF YES, SPECIFY TYPE OF PROCEDURE					
47. DATE OF PROCEDURE		48. DATE OF INJURY		49. DATE OF INJURY - (mo, day, yr)		50. DESCRIBE HOW INJURY OCCURRED (COMPLETE FOR ACCIDENT, SUICIDE, HOMICIDE, UNDETERMINED)		51. HOUR OF INJURY					
52. INJURY AT WORK <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		53. PLACE OF INJURY - Specify home, farm, street, etc.		54. LOCATION Street/RFD No. City/Town State		55. PART I. Enter the diseases, injuries or complications which caused the death. Do not enter the mode of dying, such as cardiac or respiratory arrest, shock, or heart failure. List only one cause per each lane. <b>metastatic liver cancer</b>		56. Approximate interval between onset and death					
57. IMMEDIATE CAUSE (Final disease or condition resulting in death.) <b>metastatic liver cancer</b>		58. DUE TO (OR AS A CONSEQUENCE OF):		59. DUE TO (OR AS A CONSEQUENCE OF):		60. DUE TO (OR AS A CONSEQUENCE OF):		61. DUE TO (OR AS A CONSEQUENCE OF):					
62. Sequentially list conditions, if any, leading to immediate cause. Enter UNDERLYING CAUSE (Disease or injury which initiated events resulting in death) LAST		63. PART II. Other significant conditions contributing to death but not resulting in the underlying cause given in Part I.		64. PART II. Other significant conditions contributing to death but not resulting in the underlying cause given in Part I.		65. PART II. Other significant conditions contributing to death but not resulting in the underlying cause given in Part I.		66. PART II. Other significant conditions contributing to death but not resulting in the underlying cause given in Part I.					

SHADED AREAS FOR MEDICAL INVESTIGATOR - LEGAL OFFICER USE ONLY

177066054

CERTIFIED COPY OF VITAL RECORD

This is a true and exact reproduction of all or part of the document officially registered and filed with the New Mexico Vital Records and Health Statistics, Public Health Division, Department of Health.

Celine Sanchez

State Registrar

DATE ISSUED DEC 16 2004

WARNING: IT IS ILLEGAL TO ALTER, COPY OR COUNTERFEIT THIS CERTIFICATE. ADVERTENCIA: ES ILLEGAL ATERAR, COPIAR O FALSIFICAR ESTE CERTIFICADO.

STATE OF NEW MEXICO  
COUNTY OF LEA  
IN THE FIFTH JUDICIAL DISTRICT COURT  
  
IN THE MATTER OF THE ESTATE  
  
OF JESSE MARION KEETH

2004 JUL 19 PM 1:29

JANIE G. HERNANDEZ  
DISTRICT COURT CLERK  
PB No. 2004-00043

LETTERS TESTAMENTARY AND ACCEPTANCE

The last will of the above-named decedent having been proved and recorded with the above-named court, Wells Fargo Bank, N. A. is hereby appointed to serve as personal representative of the estate.

DATED: July 19, 2004.

JANIE G. HERNANDEZ  
CLERK OF THE DISTRICT COURT

BY: Carolyn Mead  
DEPUTY CLERK

(SEAL)

STATE OF NEW MEXICO                    )  
  ) ss.  
COUNTY OF CHAVES                    )

Wells Fargo Bank, N. A. hereby accepts the duties of personal representative of the estate of the above-named decedent and does solemnly swear that it will perform, according to law, the duties of personal representative of the estate.

WELLS FARGO BANK, N. A.

By: Marian Thompson  
MARIAN THOMPSON, Vice President and  
Trust Officer



SUBSCRIBED AND SWORN TO before me this 12<sup>th</sup> day of July, 2004, by  
Marian Thompson, Vice President and Trust Officer of Wells Fargo Bank, N. A.



Lori Huerta  
Notary Public

WELLS FARGO BANK, NATIONAL ASSOCIATION

ASSISTANT SECRETARY'S CERTIFICATE

I, Cathy Wheeler, Secretary of Wells Fargo Bank, National Association, a national banking association, (the "Bank"), hereby certify as follows:

1. The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate.

**RESOLVED**, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

\* \* \*

C. Signing Officers

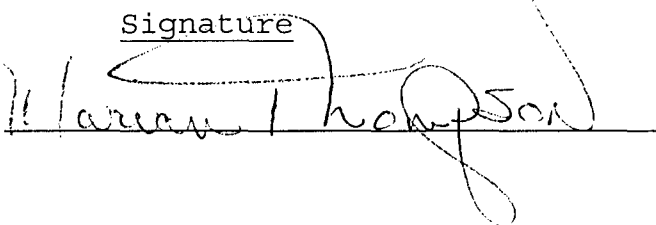
**FURTHER RESOLVED**, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

\* \* \*

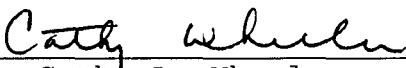
Any and all agreements, instruments and other documents to enable the Bank to withdraw, collect or receive any sums or property in which the Bank has an interest as executor, administrator, administrator with will annexed, special administrator, guardian, trustee or in any other representative or fiduciary capacity, and to

execute and deliver any checks, drafts, receipts, orders or other documents as may be necessary, proper or convenient in connection therewith; any declination, renunciation or resignation by the Bank from any fiduciary or other representative position; petitions for the appointment or the confirmation of appointment of the Bank in any fiduciary or other representative capacity and certificates of the incumbency of the Bank as trustee or any of its officers acting on its behalf in such capacity; certificates of assets held in any account with the Bank; and any other agreement, instrument or other document signed by the Bank in a fiduciary or other representative capacity.

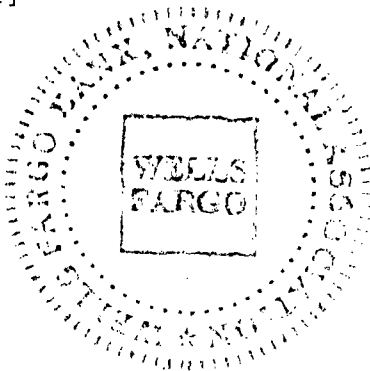
2. The persons named below are duly appointed and acting officers of the Bank on the date hereof with the title appearing opposite his name, and the signature appearing below is his genuine signature:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Marian Thompson	Vice President	

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Bank this 17<sup>th</sup> day of February 2005.

  
Cathy L. Wheeler  
Assistant Secretary

[Seal]





# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

December 7, 2004

Mr. Robert E. Floyd, Vice President  
Lea Count State Bank  
Post Office Box 400  
Hobbs, New Mexico 88241-0400

Dear Mr. Floyd:

This letter is in response to your letters dated November 5, 2004 and November 21, 2004 regarding a cash bond held by a certificate of deposit #200073158. This bond was required, by the New Mexico Oil Conservation Division (NMOCD), to ensure that the site known as the Middle Lane Treating Plant was remediated upon cessation of operations. This site was operated by Mr. Jess M. Keeth, dba New Mexico Petroleum Co. and was permitted by the NMOCD under permit number NM-0015.

While the surface area at the site has been cleaned and all equipment and debris have been removed, there is no indication in our files that any soil or groundwater sampling was done. Before the bond can be released, the NMOCD must be assured that there is no soil or groundwater contamination still present at the site. Mr. Keeth's estate is responsible for the cost of this sampling. Once sampling is completed, and it can be ascertained that there is no threat to groundwater, the bond can be released. A work plan must be submitted to this office and approved by the NMOCD before sampling can begin.

If you have any questions, contact me at (505) 476-3492 or [emartin@state.nm.us](mailto:emartin@state.nm.us)

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin  
Environmental Bureau

cc: Chris Williams, Hobbs NMOCD office



November 5, 2004

RECEIVED

NOV 11 2004

OIL CONSERVATION  
DIVISION

Mr. Ed Martin  
New Mexico Oil Conversation Division  
Energy & Minerals Dept.  
State of New Mexico  
P.O. Box 2088  
Santa Fe, NM 87504-2088

RE: Jess M. Keeth, dba New Mexico Petroleum Co.  
\$25,000 Cash Treating Plant Bond #OCD-022


Dear Mr. Martin:

I am writing this letter as a follow up to our conversation of October 8, 2004 in which I inquired as to the status of the above referenced Cash Treating Plant Bond secured by our bank's Certificate of Deposit #200073158. In our conversation you advised the question was cleanup. You briefly reviewed the file, advised the file made no reference to underground water contamination, you were uncertain as to surface contamination, and that you would determine what would be required if I would endure for one more week.

Mr. Keeth is deceased and the heirs are attempting to settle the estate. We are attempting to assist but need to determine if we need to redeem the Certificate of Deposit and forward to your office or if we can redeem the Certificate of deposit and release the proceeds to the heirs.

Your assistance in this matter will be greatly appreciated.

Sincerely,

  
Robert E. Floyd  
Vice President

RF/vz



November 21, 2004

Mr. Ed Martin  
New Mexico Oil Conversation Division  
Energy & Minerals Dept.  
State of New Mexico  
P.O. Box 2088  
Santa Fe, NM 87504-2088

RE: Jess M. Keeth, dba New Mexico Petroleum Co.  
\$25,000 Cash Treating Plant Bond #OCD-022


Dear Mr. Martin:

I am writing this letter as a follow up to my letter of November 05, 2004 in which I inquired as to the status of the above referenced Cash Treating Plant Bond secured by our bank's Certificate of Deposit #200073158.

Mr. Keeth is deceased, the heirs are attempting to settle the estate and we are attempting to assist but need to determine where we stand in the above referenced matter. What is the feasibility of our bank forwarding the funds to your office and allowing your office to deal with the estate?

Your assistance in this matter will be greatly appreciated.

Sincerely,



Robert E. Floyd  
Vice President

RF/vz

## Kieling, Martyne

**From:** Williams, Linda  
**Sent:** Monday, March 19, 2001 4:19 PM  
**To:** Kieling, Martyne  
**Subject:** RE: Middlelane Treating Plant

Martyne-

Mr. Keith was in my office today. His concern is this: Does he need to wait on anything from the EPA in order for his bond to be released?

I haven't heard anything from Roger or Wayne, and I was out of the office on Thursday and Friday. Have they passed any information on to you? How would you like me follow up from here? Mr. Keith is anxious to settle this matter as soon as possible.

-----  
**From:** Kieling, Martyne  
**Sent:** Friday, March 09, 2001 4:32 PM  
**To:** Anderson, Roger  
**Cc:** Olson, William; Wrotenbery, Lori; Price, Wayne; Williams, Chris; Williams, Linda  
**Subject:** Middlelane Treating Plant

Roger,

I received a call from Linda Williams at the Hobbs office today regarding Mr. Jess Keeth and the New Mexico Petroleum Co. Middlelane Treating Plant. Mr. Keeth is suffering a major health problem and wishes to settle his financial affairs. This includes the former treating plant location and the \$25,000 Cash collateral deposit that is still held by the OCD.

Middlelane has not been placed on our priority ranking list as yet so I do not know officially where it would rank but I assume it is not near the top. The surface has been cleared of all equipment and debris and there are no nearby residents. However, Photos on file show that the pit/s were closed by digging a trench and allowing the bottoms/parfin/water to flow into the trench. The trench was then covered and the site closed. Groundwater may or may not be impacted. The OCD has not collected any subsurface or groundwater data at or near this location. The surface is State Land and I have discussed this site with Mike Matush several times over the past 3 years.

Mr. Keeth will be returning to the Hobbs district office on Monday March 12th to find out what is needed from him to close the facility so his financial assurance may be returned. I have pulled the file 711-015 and bond file so that it may be reviewed if necessary.

I told Linda that we would contact her and let her know what she needs to do or say.

New Mexico Petroleum Co. Middlelane Treating Plant  
Location SW/4 SE/4 Sec 7, T 11 S, R 34E, Lea Co.

*30-33 FT.  
NO SAMPLING HAS BEEN DONE*



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**

Governor

**Jennifer A. Salisbury**

Cabinet Secretary

**Lori Wrotenbery**

Director

**Oil Conservation Division**

June 27, 2000

Middle Lane Plant; NM Petroleum

Jess M. Keith  
PO Box 1388  
Lovington, NM 88260

Dear Mr. Keith,

## YOUR REQUEST FOR INFORMATION

As per your earlier request, Martyne Kieling returned the message we had left at her office. She stated she remembered working with you on this previously, and was aware of your concern for the release of your bond.

Martyne also stated she had several priorities at this time, and for the moment would need to set your project aside temporarily until some of the more critical issues awaiting her attention were completed. It is her intention to correspond with you at that time and advise you as to what steps need to be taken to complete your project.

It was nice meeting you the other day, and if we can be of further service, please let us know.

Sincerely,

A handwritten signature in cursive script that reads "Linda Williams".

Linda Williams  
Administrator III  
NM Oil Conservation Division

cc: Martyne Kieling  
2040 S. Pacheco  
Santa Fe NM 87505



## Kieling, Martyne

---

**To:** Williams, Linda  
**Subject:** RE: Jess M. Keith; response letter

Linda,

The letter sounds fine. Thank you for responding to Mr Kieth.

Martyne.

-----  
**From:** Williams, Linda  
**Sent:** Tuesday, June 27, 2000 11:05 AM  
**To:** Kieling, Martyne  
**Cc:** Williams, Donna  
**Subject:** RE: Jess M. Keith; response letter

<<File: Doc4.doc>>

Martyne-

Let me know if this sounds alright. Change and return as you see fit.  
I will sign and mail, send you a copy for the file and he'll contact us if he has any further questions down the line...

Linda

June 27, 2000

Middle Lane Plant; NM Petroleum

Jess M. Keith  
PO Box 1388  
Lovington, NM 88260

Dear Mr. Keith,

YOUR REQUEST FOR INFORMATION

As per your earlier request, Martyne Kieling returned the message we had left at her office. She stated she remembered working with you on this previously, and was aware of your concern for the release of your bond.

Martyne also stated she had several priorities at this time, and for the moment would need to set your project aside temporarily until some of the more critical issues awaiting her attention were completed. It is her intention to correspond with you at that time and advise you as to what steps need to be taken to complete your project.

It was nice meeting you the other day, and if we can be of further service, please let us know.

Sincerely,

Linda Williams  
Administrator III  
NM Oil Conservation Division

cc: Martyne Kieling  
2040 S. Pacheco  
Santa Fe NM 87505

APR 17 2000

Environmental Bureau  
Oil Conservation Division

4-5 200

Here is some Pictures  
from the location  
that shows the grass  
an other vegetation  
growing there.

I was told that I  
was the only one who  
cleaned up a location  
I am 85 yr old and  
would appreciate very  
much if I could get the  
Bona released ~~release~~

Walton Construction  
due to its perished  
the reputation in them

On one occasion when  
I went to the location there  
was grazing on the  
location. I should  
have the owner there.

Mark K. Kiersey  
Environmental geologist  
I did all the things  
that the Division Director  
asked me to do.  
I took a sample off  
the contents in the pit  
to Southwest. I am  
in Odessa, Texas there  
report showed 98%  
Paraffine 066 to which I  
took to Mr. Supton  
The Division Supervisor  
also Water Samples  
which showed good  
Why he didn't send  
them to Santa Fe I do not  
know  
The State Office who I  
thought that I was dealing  
with

RECEIVED

199 17 2000

Environmental Bureau  
Oil Conservation Division

I also want to say  
that I only operated  
this reclaim business  
only a few days  
including haul. Any  
if the stuff is there  
this is enough  
for me to say

Sincerely  
JMK

I am sorry that it has  
been so long since I have  
contacted you, I couldn't  
be helped.

RECEIVED

APR 17 2000

Environmental Bureau  
Oil Conservation Division

JAN KEETH  
PO BOX 1388  
Lorinaton NM  
88260



OCD  
2040 SOUTH Pachaco Street  
SANTA FE, NM  
87506

ATT  
ANATWNE J. KIELING

Info From Mike Mats,

Middle lane

Closer

1999 Aug.

25,000

Hobb...

~~called Bank~~

At the Bank

Name Ruth

396-2825

Bond 2000 731 58

Lee County State Bank

COD.....

1-28-00

Marlyn

**2:30 - 3:00**

**Medal of Valor and Distinguished  
Service Awards**

**3:00**

**Music and Final Table Center Piece  
Drawing!**





State of New Mexico

**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**

---

2040 South Pacheco

P.O. Box 6429

Santa Fe, New Mexico 87505-5472





RECEIVED

APR 17 2000

Environmental Bureau  
Oil Conservation Division



RECEIVED

APR 17 2000

Environmental Bureau  
Oil Conservation Division



RECEIVED

APR 17 2000

Environmental Bureau  
Oil Conservation Division





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APR 17 2000

Environmental Bureau  
Oil Conservation Division



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Oil Conservation Division



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Oil Conservation Division



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Environmental Bureau  
Oil Conservation Division





RECEIVED

APR 17 2000

Environmental Bureau  
Oil Conservation Division



RECEIVED

APR 17 2000

Environmental Bureau  
Oil Conservation Division

Mr. Motie  
Mr. B - L.A. 112 P112N1  
L.A. County Wildlife  
Division  
51947



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87506  
(505) 827-7131

July 28, 1999

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-564**

Mr. Jess M. Keeth  
New Mexico Petroleum Co.  
P.O. Box 1388  
Lovington, NM 88260

**RE: Middle Lane Treating Plant Closure**  
**SW/4 SE/4 of Section 7, Township 1 South, Range 34 East, NMPM**  
**Lea County, New Mexico**

Dear Mr. Keeth:

On November 2, 1993 The New Mexico Oil Conservation Division (OCD) sent New Mexico Petroleum Co., a letter regarding the closure of the Middle Lane Treating Plant (see enclosed copy of letter). To obtain final closure for the facility the New Mexico Petroleum Co., must submit a closure report to include the following information:

A report describing all closure activities performed including the method of closure of all pits, diagrams and /or maps indicating lateral and vertical extent of the contamination, and all laboratory or field analytical data sheets for all soil and water quality analysis including copies of all associated quality assurance/quality control data,

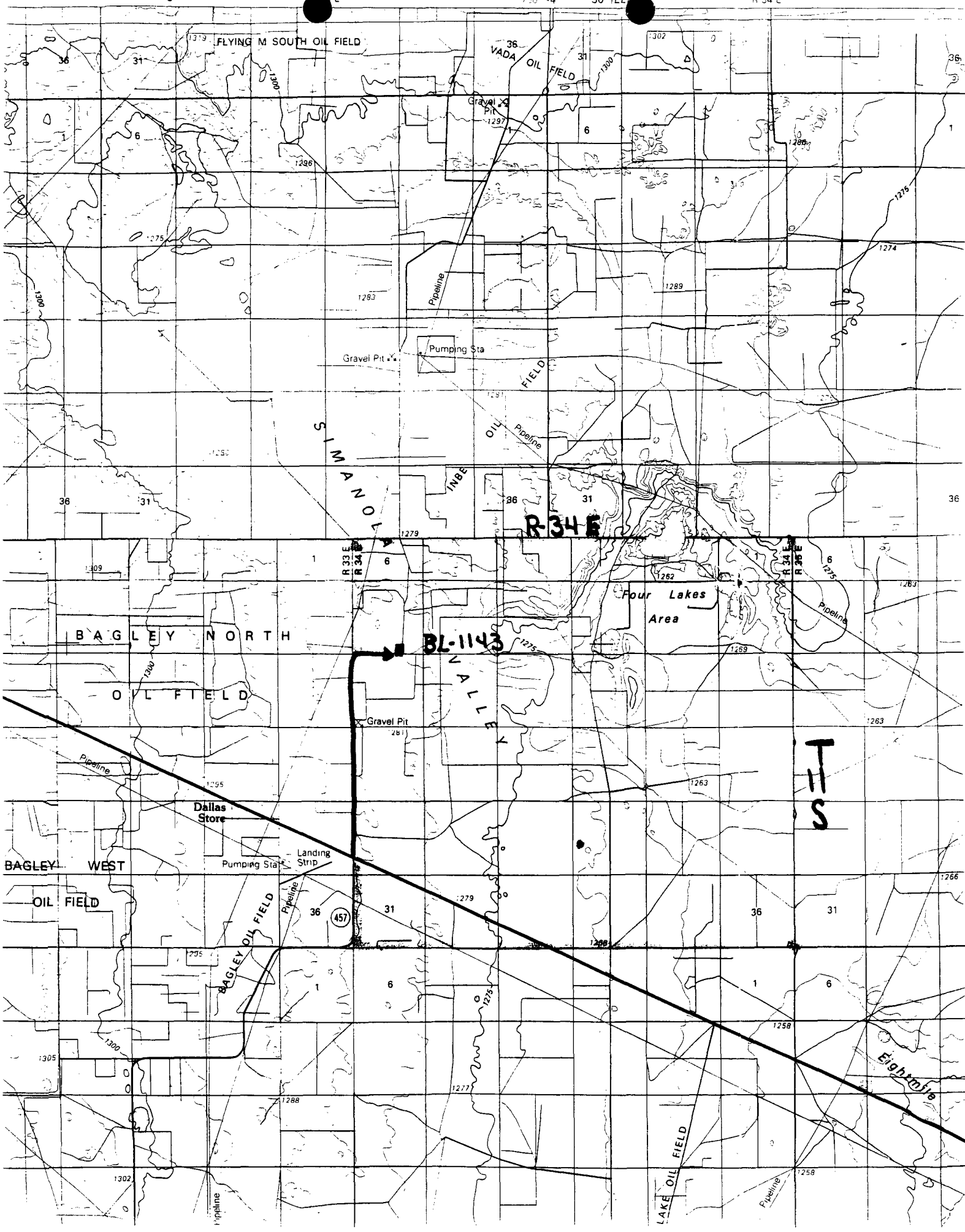
New Mexico Petroleum Co. shall submit this closure report **no later than August 31, 1999** to the OCD Santa Fe office and copy the Hobbs District office..

If you require any further information concerning this matter please contact me at (505) 827-7153.

Sincerely,

Martyne J. Kieling  
Environmental Geologist

xc: Hobbs OCD Office  
Mike Matush, SLO Santa Fe  
Leon Anderson, SLO Hobbs





State of New Mexico  
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.  
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

(505) 827-5760  
FAX (505) 827-5766

April 12, 1996

SANTA FE, NEW MEXICO 87504-1148

LA-1040

TO: Zilla Padilla, Director Commercial Leasing  
THRU: Dennis Garcia, Director Field Operations  
FROM: Leon Anderson, Land Use Specialist  
Hobbs District *Leon Anderson*  
RE: Site Inspection: BL-1143  
Jess Keith

**SYNOPSIS**

A site inspection was requested for the former New Mexico Petroleum Company's Business Lease BL-1143. The lease was permitted for the purpose of an oil treating plant facility.

On October 3, 1992 a field inspection for verification of clean-up was conducted. (See attached Report LA-469) In the field report several items of concerns were listed. To my knowledge none of the items have been addressed.

In February 1993 while I was conducting another field inspection, I noticed activity at subject site. Upon arrival at the location I was advised by Alva Pate with Walton Construction that OCD and the SLO had given the operator permission to bury the material in the waste pit on site.

The material was mixed with caliche and buried in six or seven pits within subject lease. Attached are several photos that were taken prior to, during and after the burying of this material. As evident in the attached photos the material appeared not to be very liquifiable and did not mix well. The leachability of the material appeared to be very low and therefore migration may be minimal. This may or may not be the case once a laboratory analysis is reviewed. However, to my knowledge there are no records or chemical analysis of the materials contents available to insure that no hazardous material was or is present in the buried material. The vertical extent of the material unknown. I recommend that the SLO Environmental Department acquire and

April 12, 1996

(2)

LA-1040

review the analytical information from OCD in order to make the necessary determination in regards to the potential liability. Once that determination is made then the decision whether to release of the bond should be made.

An additional field inspection (LA-1040) of the site was conducted on April 10, 1996. The perimeter fence has been taken down. The H-braces remain on location along with rolled-up wire. What topsoil was there previously has been swept away by the wind.

#### LEGAL DESCRIPTION

T11S, R34E			NMPM
Section 07:	SW4SE4	3.49 Acres	Lea County

#### LOCATION

Subject lease is located approximately 3 miles northeast of NM-457 and US-380 junction west of Tatum, New Mexico.

Site Description: The area is rural rangeland consisting of a shallow loam over caliche. Vegetation includes, but is not limited to Grama grasses, Threeawns, Snakeweed and Mesquite.

#### HIGHEST AND BEST USE

Current highest and best use of surrounding lands is the production of oil and gas. This is intermixed with the grazing of livestock. No other trends exist at this time.

#### REMARKS

Attached are photos taken of the area beginning in 1992 up thru April of 1996. A sequence of the burying was photographed in order to show the method and the material being buried. The photos were kept due to the potential liability. In my opinion the material was very suspect and now especially, since we have witnessed the potential vertical migration of oil waste materials associated to unlined open pits.

Johnny Hernandez with the State Engineers office was contacted regarding ground water depths. No water wells have been drilled within subject section and therefore levels are unknown and can only be assumed based on water depths located nearby. Ground water is present 28.5 feet in the NE4 of Section 12, T11S, R33E and 25.7 feet in the SW4. Ground water is found at a depth 29.5 feet in the NE4 of Section 5, T11S, R34E. Both of these sections adjoin subject section.

LA

October 9, 1992

LA-469

TO: Jim Baca, Commissioner of Public Lands  
Santa Fe, New Mexico

FROM: Leon Anderson, Land Use Specialist  
Hobbs, New Mexico

SUBJECT: Verification of Clean-up: BL-1143 (Expired)  
Jess Keeth

### SYNOPSIS

A field inspection of former BL-1143 was conducted on October 6, 1992. As evident in attached photos, only the tankage, pipes, valves, building and miscellaneous improvements have been removed from the location. The berm wall surrounding the interior perimeter has not been removed. Tankage foundation in the center of the tract has not been removed. Oil and paraffin within the pit area remains within the pit area. This oil and paraffin sludge is a minimum of one (1) foot in depth. It appears nothing has been done to remove, bury or work this sludge into the soil, see attached photos.

One of the attached photos reveals oil bubbling up due to the warm temperatures at the time of the field inspection.

In addressing the question, (Does criteria meet all Land Office concerns in this matter and should the Land Office release the site on any ongoing liability?) All the information we have to date is the letter dated March 12, 1992 from Jerry Sexton with the OCD stating the water analysis received indicates benzene levels from the water to be well below that of the treating plant. With the amount of basic sediment or sludge involved, I feel additional laboratory testing needs to be performed with sampling of material to be verified by State Land Office personnel.

In addition, the opportunity should be made available for a representative of the EID and EPA to witness sampling and testing necessary to satisfy all parties before releasing any ongoing liability.

### LEGAL DESCRIPTION

T11S, R34E		NMPM
SECTION 07: SW4SE4	3.49 Acres	LEA COUNTY

### LOCATION

Subject easement is located approximately 3 miles northeast of the NM-457 and US-380 junction west of Tatum, New Mexico.

Access is available to the location on the east side of NM-457 pavement.

### HIGHEST AND BEST USE

The highest and best use of subject land is the production of oil and gas along with associated business leases.



October 9, 1992

-2-

LA-469

#### ESTIMATE OF VALUE

Estimate of value does not apply.

#### IMPROVEMENTS

Barbed wire fencing and cattle guard are the only improvements.

#### REMARKS

I recommend additional sampling with an opportunity to witness sampling by the lessee, State Land Office, EPA, EID and OCD representatives. After parties are assured of non-hazardous material and proper reclamation procedures procured, then the possibility of a decision to release liability should be made.

LA:bw

Attachments

B1143  
1992

waste pit

①



Picture #1

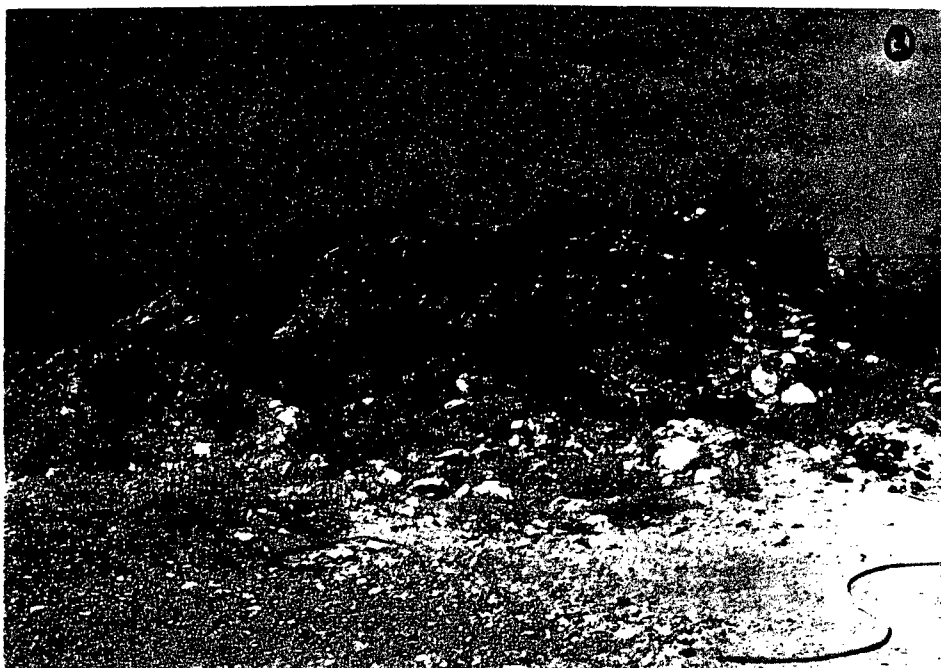
BL-1143

1992 - WASTE PIT, SEC. 7, T11S, R34E



Picture #2

1992



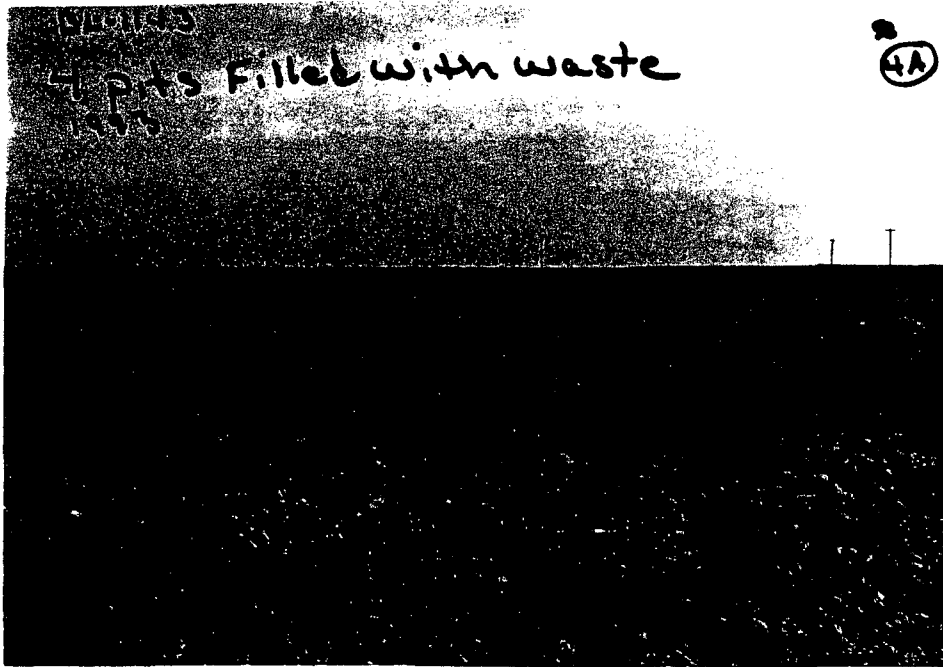
Picture #3

BL-1143



Picture #4

NORTHEAST CORNER, 1992



Picture #4A

BL-1143

4 PITS FILLED WITH WASTE 1993



Picture #5

1993

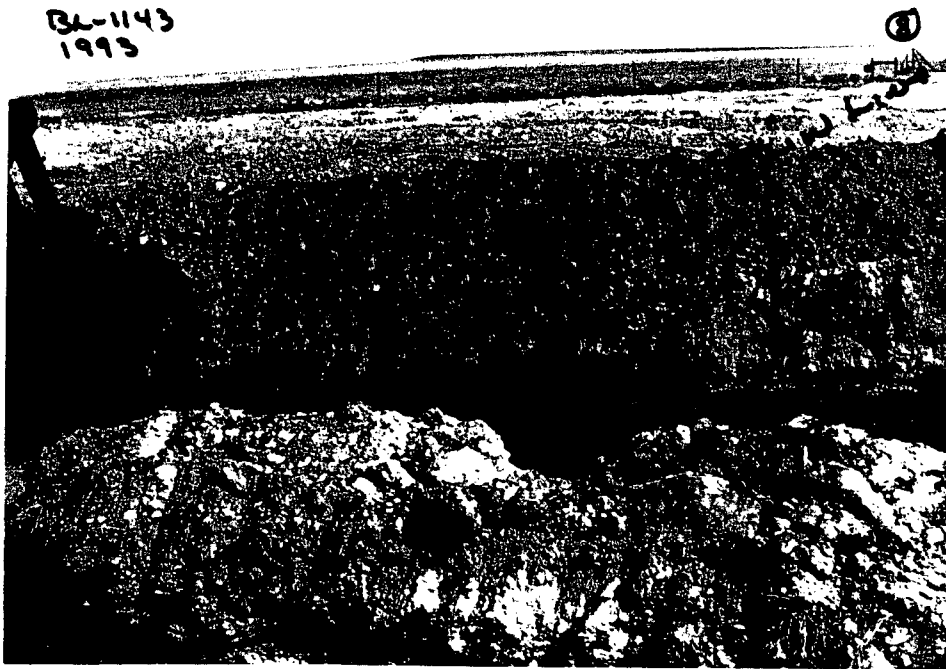


Picture #6

BL-1143  
ORIGINAL WASTE AREA - 1993



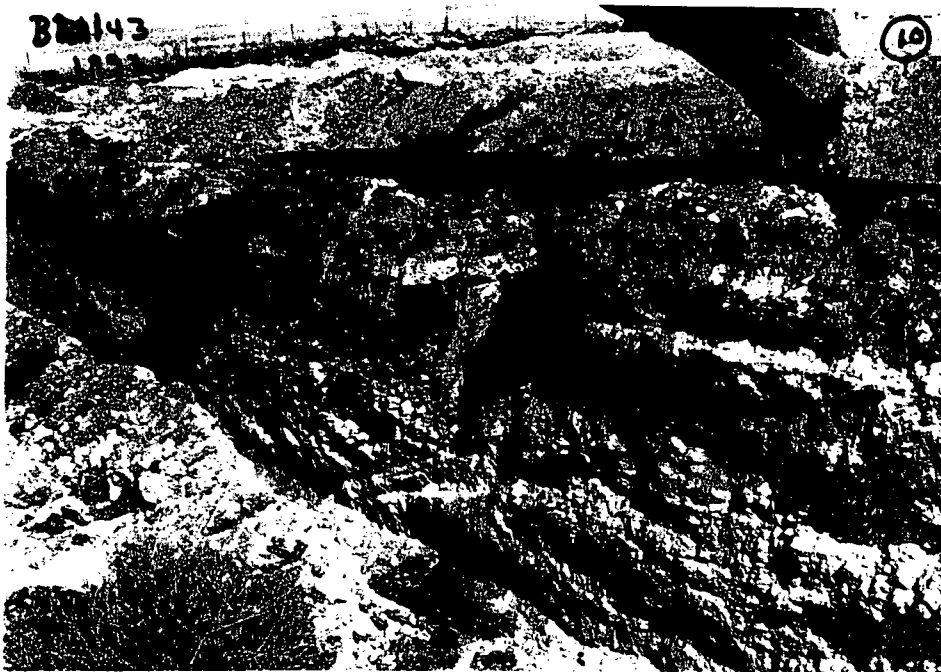
Picture #7    #5 PIT, 15' DEEP, 100% WASTE  
MATERIAL, #6 PIT PRIOR TO REMOVAL OF DIRT



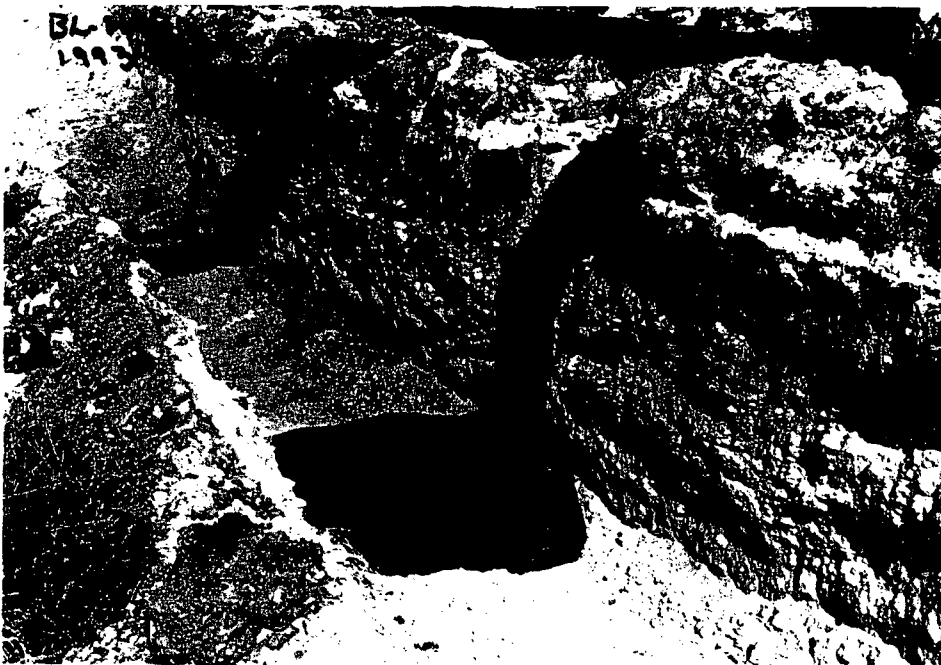
Picture #8 BL-1143-1993  
VIEW OF PIT #5, APPROXIMATELY 1' LOWER THAN ORIGINAL, NOTE STAIN LINE ON CALICHE



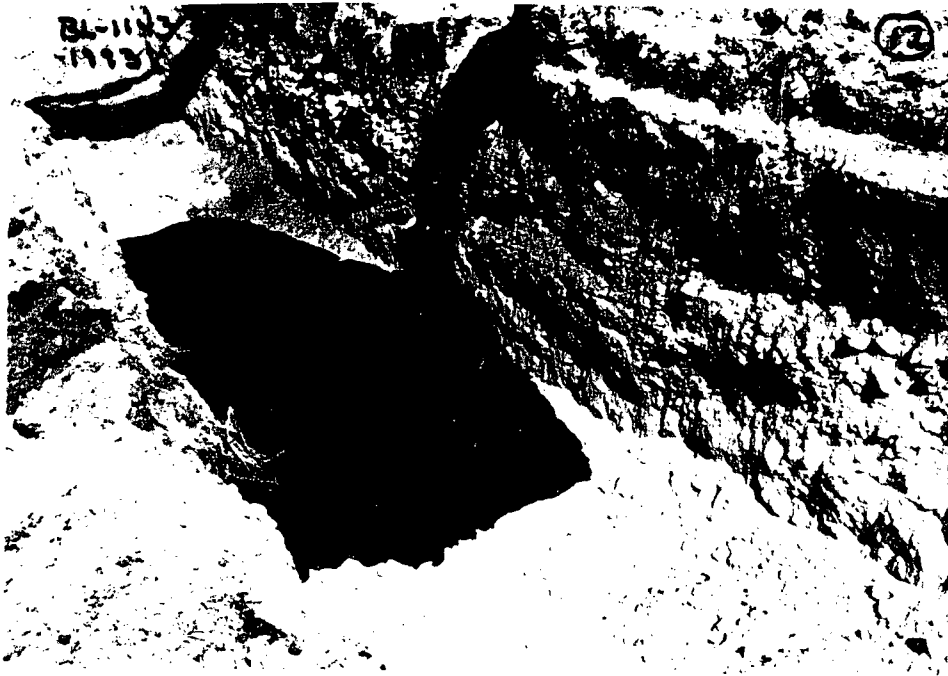
Picture #9 #6 PIT PRIOR TO BACKHOE NOTCHING #5 PIT.  
CONTRACTOR SUPERVISOR AT EDGE OF PIT #6



Picture #10 BL-1143  
FLOW BEGINNING TO RUN FROM PIT #5 TO PIT #6



Picture #11 PIT #5 FLOWING TO PIT #6



Picture #12 BL-1143  
WASTE MATERIAL PIT #6 PRIOR TO DOZER PUSHING DIRT



Picture #13 DOZER PUSHING DIRT AND WASTE, NORTH TO SOUTH





Picture #14

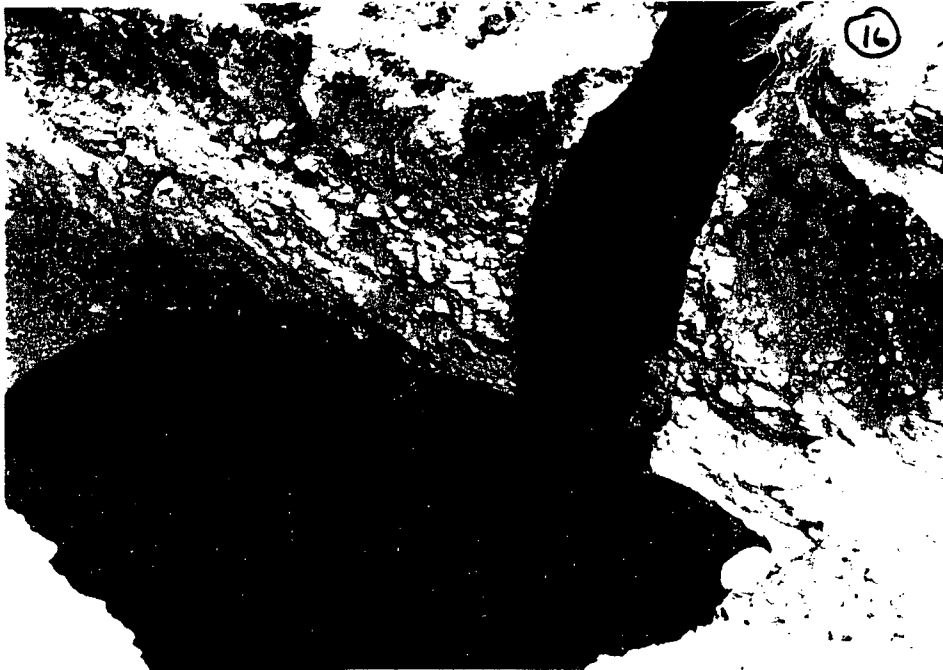
BL-1143

PIT #6 APPROXIMATELY 50% FILLED



Picture #15

DOZER PUSHING DIRT WITH WASTE FLUID MOVING AWAY  
FROM DIRT SOUTH TO NORTH



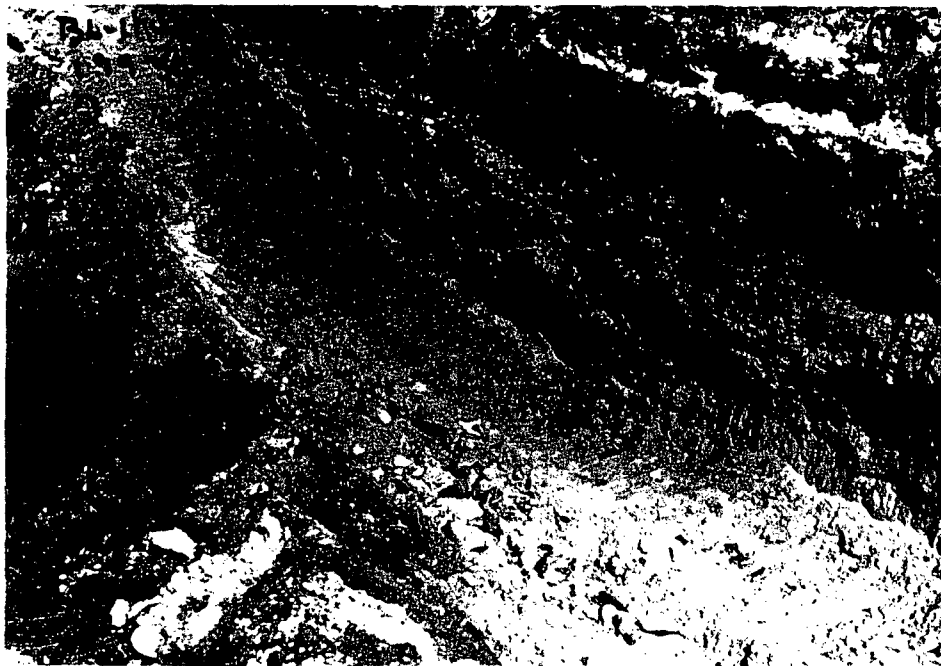
Picture #16 BL-1143  
 ADDITIONAL WASTE PUT OVER COVERED WASTE. PROCESS BEGINS AGAIN.



Picture #17 PIT #6 WITHIN 4' OF BEING FILLED. NOTE STAIN  
 LINE IN PIT #5. VERY LITTLE MATERIAL REMOVED.



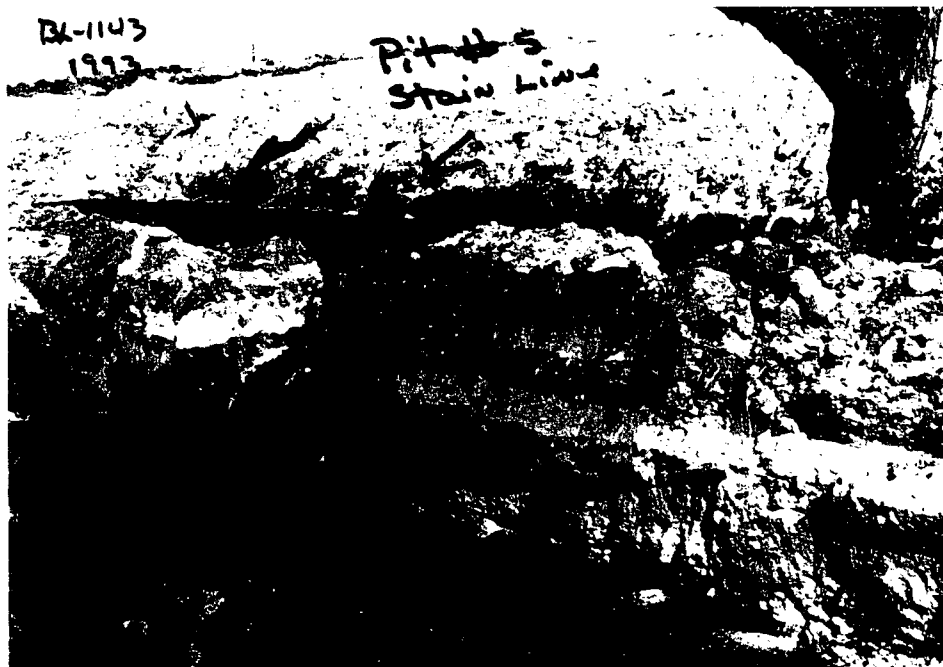
Picture #18 BL-1143  
DOZER DIGGING PIT #6 ADJACENT TO PIT #5 IN BACKGROUND



Picture #19 #6 PIT APPROXIMATELY 12' DEEP



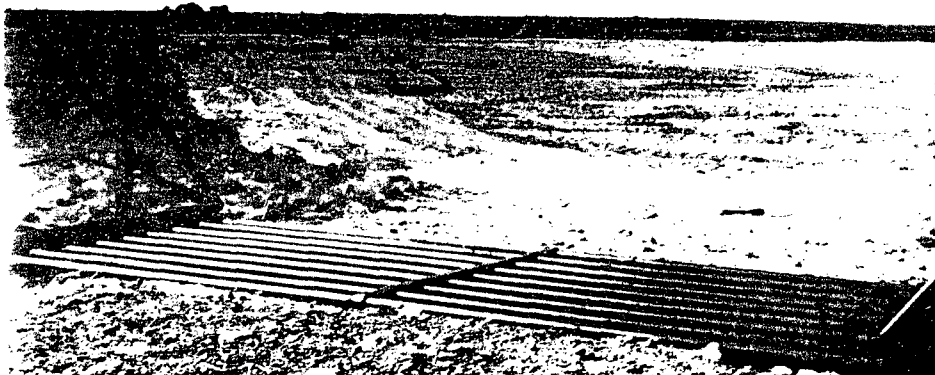
Picture #20 BL-1143, 1993  
 PIT #5 AND STAIN LINE. VERY LITTLE OF MATERIAL MIXES  
 WITH THE CALICHE. SATURATION OF SOIL IS PRACTICALLY NON-  
 EXISTANT.



Picture #21 #6 PIT FILLED, NOTE STAIN LINE ON PIT #5

South Fence Line  
 1993  
 T11S, R34E  
 1993

22



Picture #22 BL-1143  
 1993 - SOUTH FENCE LINE ENTRANCE

Looking NW  
 BL-1143  
 1993  
 T11S, R34E

23



Picture #23 1993 - LOOKING NORTHWEST, SEC. 7, T11S, R34E

4-1-93

W

24



Picture #24

BL-1143

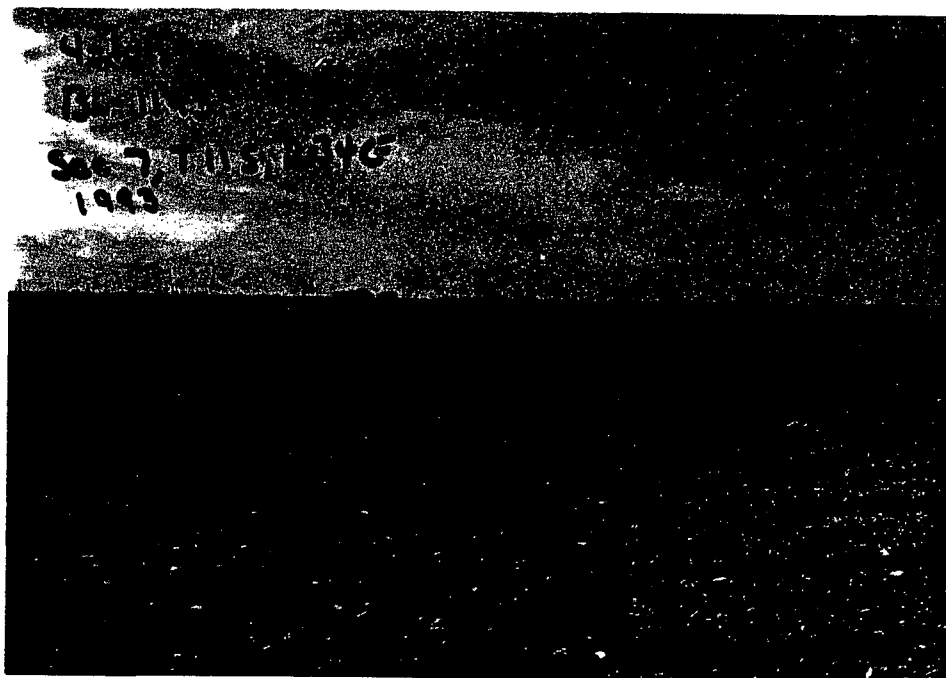
APRIL 1, 1993, SEC. 7, T11S, R34E

4-3-96

NW

Picture #25

LA-1040, APRIL 3, 1996, SEC. 7, T11S, R34E, SW $\frac{1}{4}$ SE $\frac{1}{4}$



Picture #24 BL-1143  
APRIL 1, 1993, SEC. 7, T11S, R34E



Picture #25 LA-1040, APRIL 3, 1996, SEC. 7, T11S, R34E, SW $\frac{1}{4}$ SE $\frac{1}{4}$

**RECEIVED**

DEC 11 1997

**Price, Wayne**

Environmental Bureau  
Oil Conservation Division

**From:** Price, Wayne  
**Sent:** Tuesday, December 09, 1997 11:08 AM  
**To:** Martyne Kieling  
**Cc:** Chris Williams  
**Subject:** Middle Lane Treating Plant

Dear Martyne,

Per our telephone conf. please find enclosed a copy of our files. Please note Leo Anderson NMSLO came in today requesting info, the NMSLO has a business lease for this treating plant and requested info concerning the closure.

Mr. Anderson indicated he thinks the pits were just covered. He also indicated there is a CD (bond) still in effect at one of the local banks in Hobbs.



5:00  
5:30

Sally Bill

10-18-95

6 Pictures

Tank over Floors  
over Flaming Sump  
Leaning Valves  
Leaning Pumps into open Pit on line  
o.

Maybe Kicking  
Mike Stoddard  
Jack Ford  
Wayne Price  
Gentry.

Good win  
Reed off Dimensions

350 X 350

Pit 60 x 60 x 5 Feet Depth

6 inch Sample  
3 Foot Sample  
First Round Inv.

Under ground pipelines Remove

South East Gradient

Low into from monitor wells at Gasplant

Tank Bottom pile ~~12~~ 30' x 26' x 2'  
1' 27 60 yards

Tank HCl Acid Empty Rdg

112, 111 = 500 bbl wood Redwood

121 = mud o. 1 Redwood  
E<sub>1</sub><sup>12</sup>, 102, 103 500 bbl - Skel Bld  
104, 105, 106, 107, 108, 109, 110  
18, 12"

101	1'	500 bbl	Skal	
102	2'		"	
103	E		"	
104	18"		"	
105	18"		"	
106	4'	500 bbl	"	
107	E 1'		"	
108	1/2 Full	500 bbl	"	
109	1/2 Full		"	
110	1'		"	
111	Full	Redwood	some ties	
112	Full	Redwood		
121	1/3 Full	500 bbl	Mud oil	
113	8'	200 bbl	Skal	
114	Full	500	Redwood	sol.
115	Full	200	Red w	
116	Full?	200	Red w	
117	Full	200	Red w	
1	Empty	500	Red	open
118	1/2	200	Red	water?
128	Empty	10000 gal	wooded horizontal	
#?	Empty	10000 lb	Red	Empty open
Sump	Full	30 x 4'	ply	

Pump Surface Pipe  
 2 Treachers Norm Check Survey

Utilities Gas Hand? is Disconnected?  
 Elect Dist Pole Trans Form

Auger, Inc. Goodwin Silt with Diggs. 1  
 System

Well No E-31 1980 FNL 600 Ft  
 Sec 31 TWP 18 S. R 37 E  
 Lea Co NM.

One well Down 6 in Pit 5' Sample In  
 one under Tank Bottom Pile up ground

Bottom to Top count

Drums 6 empty

3 X 41 Sumps Empty tanks Sumps Treachers

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone	<input type="checkbox"/> Personal	Time 12:00	Date 9-7-99
<u>Originating Party</u> Jess Kieth		<u>Other Parties</u> Marilyn Kieth	
<u>Subject</u> Middle Lane Treating Plant			
<u>Discussion</u> Walton Construction Still Has Files on that Job. "Closer of Middle Lane" Jess Saw Cows Grazing on the Surface last week. Jess wants to work Directly with Santa Fe. And Also wants to get his Bond \$ Back.			
<u>Conclusions or Agreements</u> Marilyn to call back this week.			
<u>Distribution</u>		Signed Marilyn J. Kieth	

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 4:30	Date 8-25-99
<u>Originating Party</u>		<u>Other Parties</u>
Jess Kieth 85 years old (505) 396-2119 or (505) 370 0651 mobile		Martynne Kieth
<u>Subject</u> Middle Lane treating Plant		
<u>Discussion</u> Jess Says what was left was 98% Paraffin. Walton Construction Co. Hobbs Did The Cleanup. They Dug a Deephole and Burried everything on site. The Site was Cleaned up according to what Jerry Sexton Told Him.		
<u>Conclusions or Agreements</u> Jess Needs to Talk to Walton Construction & Supply us with Some Documentation as to How the Site was Closed.		
<u>Distribution</u>	Signed Martynne J. Kieth	



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

November 2, 1993

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-111-334-277**

Mr. Jeff Keeth  
New Mexico Petroleum  
P.O. Box 1388  
Lovington, New Mexico 88260

**Re: Middle Lane Treating Plant Closure  
Lea County, New Mexico**

Dear Mr. Keeth:

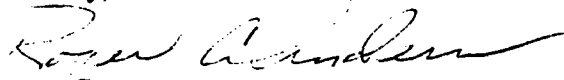
On November 1, 1993 you verbally requested that the New Mexico Oil Conservation Division (OCD) release the \$25,000 bond covering the above referenced facility. Information on file with the OCD indicates that the constructed facilities have been removed. OCD rule 312.A.13 requires that facility "clean-up shall be in accordance with a plan acceptable to the Division Director". The OCD has no record of such a plan being submitted to the Division Director for approval.

Prior to release of the bond you are required to submit the following items;

- 1) A written request for the release of the \$25,000 bond.
- 2) A report describing all closure activities performed including the method of closure of the sludge pit, diagrams and/or maps indicating lateral and vertical extent of the contamination, the level of contamination that closure attained and the analytical results indicating attainment of these levels.

Submission of the above mentioned materials shall allow prompt review by the Environmental Bureau staff. If you have any questions contact Chris Eustice at (505) 827-5824.

Sincerely,

  
Roger C. Anderson  
Environmental Bureau Chief

RCA/cee  
xc: OCD Hobbs Office



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

RECEIVED

93 JAN 7 AM 8 48

January 5, 1993

BRUCE KING  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

Roger Anderson  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Middle Lane Treating Plant

Dear Mr. Anderson:

Attached are pictures of the Middle Lane Treating Plant site, located in Section 7, Township 11 South, Range 34 East, Lea County, New Mexico, owned by Jess Keeth.

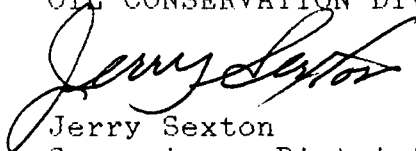
As you know, his lawyer came to Santa Fe and talked with Dave Boyer and you (I assume) about getting his treating plant bond released.

I believe he has done all the procedures that were agreed upon and request that the treating plant bond be released.

Let me know if there are any problems.

Very truly yours

OIL CONSERVATION DIVISION

  
Jerry Sexton  
Supervisor, District I

JS:bp

File

Enclosure





STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

RECEIVED  
OIL CONSERVATION DIVISION  
FEB 9 1993

BRUCE KING  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

February 2, 1993

Bill LeMay  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

RE: MIDDLELANE TREATING PLANT

Dear Bill:

On the Middlelane Treating Plant, an agreement between Mr. Keith, J.W. Neal (Mr. Keith's lawyer), the State Land office and David Boyer was made on the clean up of the site. This was one of 3 sites the Oil Conservation Division (OCD) authorized for basic sediments and tank bottoms to be dumped in the early 1960's.

The useable oil was reclaimed over the years and Mr. Keith, who to be honest with you never really operated the plant, acquired the site and found he was responsible for closure.

The closure procedure was to mix the solid basic sediments with caliche and bury the mixture, which has been done.

Roger was not in on the talks with Mr. Keith and feels he cannot release the bond. Rodger has said that you have the authority to release the bond.

The OCD made the agreement with Mr. Keith and his lawyer and now after David Boyer left no one is left to uphold our end of the agreement. I would recommend the bond be released with some notation that this is per agreement from David Boyer, the previous Environmental Bureau Chief. I am not sure how we can ask people to spend money on clean up and then say the OCD is not honoring previous commitments.

The same thing is about to happen with Mr. Squires at Laguna Gatuna, but at least Rodger was in on the talks and inspections so he is aware of the agreements that were made.



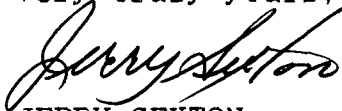
Page 2  
Bill LeMay  
February 2, 1993

Kathy Brown inspected the Middlelane Treating Plant site and can fill you in on the actual plant site.

Mr. Keith keeps calling about his release of bond. If the bond cannot be released, I would recommend a meeting between Rodger, Mr. Keith and Mr. Keith's lawyer to tell them where they stand.

Note: I think David Boyer took samples and had them evaluated to make sure everything was okay.

Very truly yours,



JERRY SEXTON  
District I Supervisor

JS/sad

xc: Rodger Anderson





JIM BACA  
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

OIL CONSERVATION DIVISION  
RECEIVED

'93 FEB 16 AM 8 55

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

February 12, 1993

Bill LeMay  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Jess M. Keeth d/b/a N. M. Petroleum Co. - BL-1143  
(\$25,000 - cash bond - Treating Plant)

Dear Mr. LeMay:

I am concerned that Mr. Keeth has been requesting the release of the above referred to bond (copy attached).

We have not been successful in gaining the cooperation for the cleanup of the abandoned oil treating facility from any of the parties involved. Therefore, we are requesting the bond not be released until we give approval that site has been cleaned and restored to its condition existing prior to placement of improvements. Written approval of cleanup from regulatory authorities must also be submitted to this office.

If you have any questions concerning this issue, please call Zilla Padilla at 827-5723.

Sincerely,

Johnny A. Taylor  
Assistant Commissioner

JAT/ZPP/dl

Attachment

*Cy Roper & to  
FA +  
Jenny Hobbs*

Adopted 9-1-86

ASSIGNMENT OF CASH COLLATERAL DEPOSIT  
for TREATING PLANT BOND

(Must be a federally-insured bank or savings institution  
authorized to do business in New Mexico)

Date January 2, 1987

Pursuant to Rule 312 of the Rules of the Oil Conservation Division, or successor provisions, Jess M. Keeth d/b/a New Mexico Petroleum Company hereinafter referred to as "owner" of Box 1388, Lovington, NM 88260 (address) has deposited with the First Interstate Bank of Lea (name of state or national bank or savings association) of Box 1477, Lovington, NM 88260 (address) (herein termed financial institution), the sum of \$25,000.00 dollars in Certificate of Deposit or savings account No. 02-03980057679. Owner hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Owner and the financial institution agree that as to the deposited sum or fund:

- The funds deposited pursuant to the terms of this Agreement are to serve as a cash bond covering a treating plant operated by owner.
- The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale of the treating plant covered by this agreement.
- Owner retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Owner agrees that the financial institution may deduct from interest due owner any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

Jess M. Keeth  
Signature of Owner,  
Personally or by Authorized Officer

Title

Robert C. Dunn, Jr.  
Signature of Authorized Officer of  
Financial Institution

Robert C. Dunn, Jr.  
Vice President  
Title

STATE OF NEW MEXICO  
COUNTY OF Lea ) ss.

On this 2nd day of January, 19 87 before me personally appeared Jess M. Keeth and Robert C. Dunn, Jr., to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as 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.

My Commission expires:  
9/8/90

Karen Gobble  
NOTARY PUBLIC - Karen Gobble

OIL CONSERVATION DIVISION

Charles L. B. 1/9/87  
Acting Director

NEW MEXICO OIL CONSERVATION DIVISION  
OF THE ENERGY & MINERALS DEPARTMENT

\$25,000.00 CASH TREATING PLANT BOND

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504

KNOW ALL MEN BY THESE PRESENTS:

New Mexico

That Jess M. Keeth d/b/a Petroleum Company (an individual)  
~~(a corporation organized in the State of~~  
with its principal office in the City of Lovington, State of New Mexico, and authorized to do business in the State of New Mexico, is held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy & Minerals Department in the sum of Twenty Five Thousand (\$25,000.00) Dollars lawful money of the United States.

The conditions of this obligation are such that:

The above principal has heretofore or may hereafter enter into the process of treating and reclaiming sediment oil in Section 7, Township 11 ~~XXXXXX~~ (South), Range 34 (East) ~~XXXXXX~~ N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, This \$25,000 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 Division of the Energy and Minerals Department, and upon clean-up of the plant site to standards of the Oil Conservation Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

The applicant has deposited on behalf of the Division \$25,000 (Twenty-five thousand dollars) in the manner indicated on the attachment to this bond, being the principal sum intended to be secured. Applicant pledges the sum as a guarantee that if its executors, assigns, heirs and administrators will abide by the Laws of the State of New Mexico and the Rules and Regulations of the Oil Conservation Division in operating the treating plant described herein, and that it will properly reclaim the plant site upon cessation of operations. If the applicant does not properly reclaim and restore the plant site, and otherwise abide by the Rules and Orders of the Oil Conservation Division, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the plant site. If the principal sum of the bond is less than the actual cost incurred by the Division in reclaiming the plant site, the Division may institute legal action to recover any amounts expended over and above the principal sum of the bond.

NOW, THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or any of them shall properly reclaim and restore the above-described treating plant site upon cessation of operations, and otherwise abide by the Rules and Orders of the Oil Conservation Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the applicant, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Signed and sealed this 2nd day of January, 19 87.

PRINCIPAL

Postal 1388

Mailing Address

Louiglar N Mar 1 88 26 0

By \_\_\_\_\_  
Signature Title

By \_\_\_\_\_

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

(Note: Corporate surety affix corporate  
seal here.)



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

BRUCE KING  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

February 2, 1993

Bill LeMay  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

RE: MIDDLELANE TREATING PLANT

Dear Bill:

On the Middlelane Treating Plant, an agreement between Mr. Keith, J.W. Neal (Mr. Keith's lawyer), the State Land office and David Boyer was made on the clean up of the site. This was one of 3 sites the Oil Conservation Division (OCD) authorized for basic sediments and tank bottoms to be dumped in the early 1960's.

The useable oil was reclaimed over the years and Mr. Keith, who to be honest with you never really operated the plant, acquired the site and found he was responsible for closure.

The closure procedure was to mix the solid basic sediments with caliche and bury the mixture, which has been done.

Roger was not in on the talks with Mr. Keith and feels he cannot release the bond. Rodger has said that you have the authority to release the bond.

The OCD made the agreement with Mr. Keith and his lawyer and now after David Boyer left no one is left to uphold our end of the agreement. I would recommend the bond be released with some notation that this is per agreement from David Boyer, the previous Environmental Bureau Chief. I am not sure how we can ask people to spend money on clean up and then say the OCD is not honoring previous commitments.

The same thing is about to happen with Mr. Squires at Laguna Gatuna, but at least Rodger was in on the talks and inspections so he is aware of the agreements that were made.



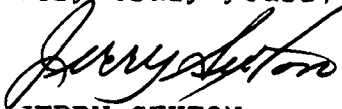
Page 2  
Bill LeMay  
February 2, 1993

Kathy Brown inspected the Middlelane Treating Plant site and can fill you in on the actual plant site.

Mr. Keith keeps calling about his release of bond. If the bond cannot be released, I would recommend a meeting between Rodger, Mr. Keith and Mr. Keith's lawyer to tell them where they stand.

Note: I think David Boyer took samples and had them evaluated to make sure everything was okay.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jerry Sexton".

JERRY SEXTON  
District I Supervisor

JS/sad

xc: Rodger Anderson



State of New Mexico  
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.  
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760  
FAX (505) 827-5766

December 19, 1997

LA-SA94

TO: Mike Matush, Environmental Specialist

THRU: Jim Norwick, Assistant Director-Field Operations

FROM: Leon Anderson, Land Use Specialist  
Hobbs District *Leon Anderson*

RE: Site Inspection: BL-1143  
Jess Keeth (New Mexico Petroleum Company)

**SYNOPSIS**

A follow up site inspection of SLO Business lease BL-1143 was conducted on December 5, 1997. The attached photos represent the remaining improvements left on site. All were fence corners and barbed wire. Several of the photos indicate the current condition of the surface as of December 5, 1997.

I spoke with Wayne Price with the OCD Hobbs office concerning the information in their files of subject business lease. The information in their files is basically represent the original \$25,000.00 Cash Treating Plant Bond. Wayne notified Martyne Kieling with OCD Environmental Bureau regarding the issue. They have found another letter which Chris Ustice former employee at the Hobbs office which indicated his concerns with the site. Martyne will be looking into the matter some time after the first of the year.

I recommend that Jess Keeth be notified of the remaining fence post and wire that needs to be removed. Releasing of the business lease and bond need to be delayed until such time OCD has looked into the matter. A written closure plan may be needed for compliance and acceptable to OCD. I feel they will be requiring additional testing before making any decisions.

I will try to get a copy of the letter from Chris Ustice for your files. Attached is a copy of cost estimate that was in the OCD files in Hobbs. The only other document other than the estimate

December 19, 1997

(2)

LA-SA94

was a copy of the Assignment of Cash Collateral Deposit for Treating Plant Bond which is the same as you had sent recently for my information.

Please advise if further help is needed. I will forward any updates from this end as they transpire.

**LEGAL DESCRIPTION**

<u>T11S, R34E</u>			<u>NMPM</u>
SECTION 7:	SW4SE4	3.49 ACRES	LEA COUNTY

**LOCATION**

Subject site is located approximately 3 miles northeast of the junction of NM-457 and US-380 west of Tatum, New Mexico..

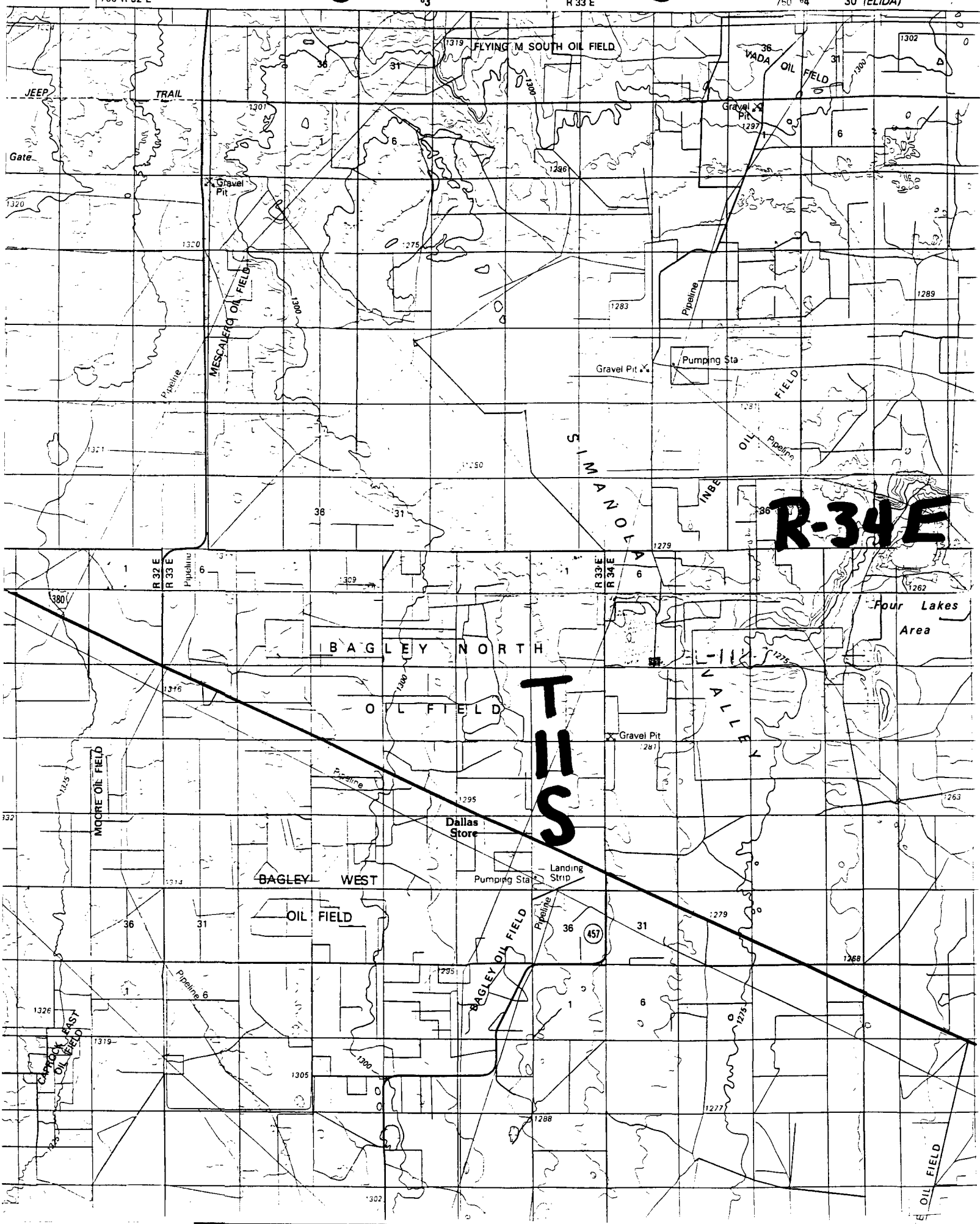
700 R 32 E

63

R 33 E

750 64

30' (ELIDA)







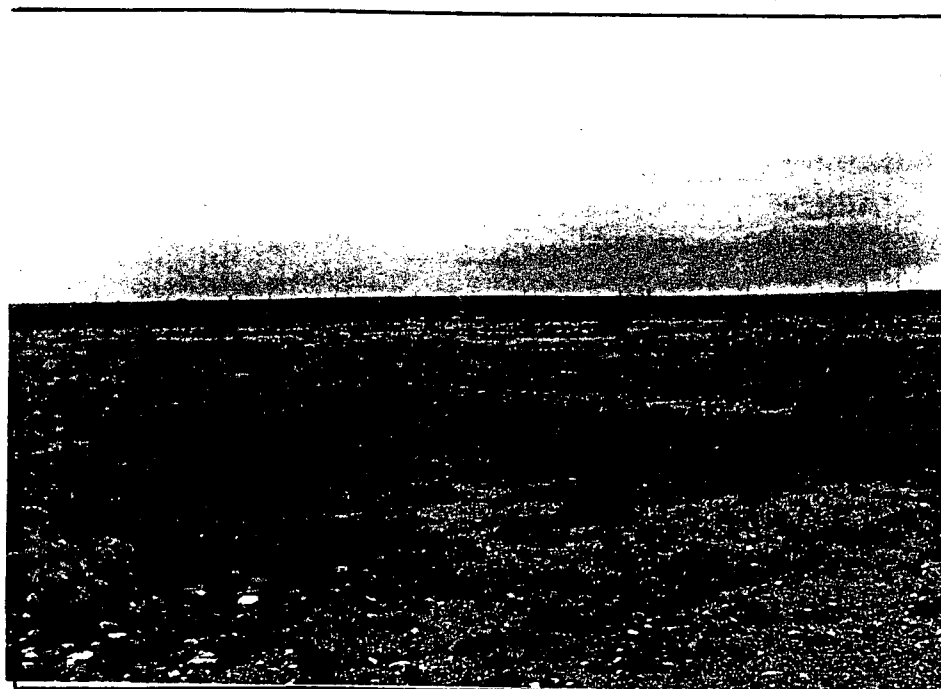
SE Corner

BL- 1143

RW- \_\_\_\_\_

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

WD- \_\_\_\_\_



Looking SE Corner to NW Corner

BL- 1143

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

RW- \_\_\_\_\_



Entry

BL- 1143

RW- \_\_\_\_\_

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

WD- \_\_\_\_\_



NE CORNER

BL- 1143

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

RW- \_\_\_\_\_



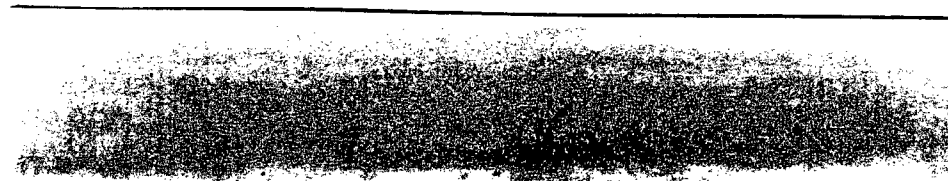
Looking SE

BL- 1143

RW- \_\_\_\_\_

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

WD- \_\_\_\_\_



Looking SE

BL- 1143

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

RW- \_\_\_\_\_



Look South From NW corner

BL- 1143

RW- \_\_\_\_\_

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

WD- \_\_\_\_\_



Looking NE

BL- 1143

Section 7, TWP 11S, RGE 34E, SUB DIV SW4SE4

RW- \_\_\_\_\_



RW \_\_\_\_\_ *looking west*

BL 1143 SECTION 7 TWP 11S RGE 34E SUB DIV SW4SE4



RW \_\_\_\_\_

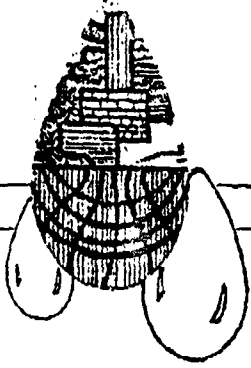
SECTION 7 TWP 11S RGE 34E SUB DIV SW4SE4

BL 1143

**Karl Souder and Associates, Inc.**

☐ UNDERGROUND STORAGE TANK MANAGEMENT ☐  
☐ REMEDIATION OF GROUND WATER CONTAMINATION ☐  
☐ GROUND WATER RESOURCE EVALUATION ☐  
☐ GROUND WATER POLLUTION CONTROL ☐  
☐ WELL LOCATION ☐ HYDROCHEMISTRY ☐

1476 ST. FRANCIS DR. • SANTA FE, NM 87501 • (505)983-4611 • FAX (505)983-4113



**Date:** April 4, 1991

**To:** Nick Black

**From:** Paige Morgan

**Re:** Preliminary investigation of contamination on State land: a  
rough cost estimate.

**Location:** T11N R34E Section 7 SW 1/4 SE 1/4, some 15 miles  
northwest of Tatum

**Subject of Investigation:** A pit of dimensions roughly 60 x 90  
feet, into which tank bottom sludge and oil waste was  
disposed. Groundwater is reported to be at about 30 feet, and  
is of good quality.

**Object of Investigation:** Determine (1) the lateral and vertical  
extent of soil contamination; (2) whether groundwater has been  
contaminated; and (3) whether this contamination falls under  
the New Mexico Hazardous Waste regulations or the New Mexico  
Water Quality Control Commission regulations.

**Method:** Auger 5 monitor wells to a total depth of approximately  
45 feet: one well will be centered on the zone of apparently  
worst contamination, the others will be spaced to locate the  
fringes of soil contamination and to determine the groundwater  
gradient. Collect split-spoon samples at 5-foot intervals;  
record lithology; analyze by field method (Hanby method),  
select samples from certain intervals (based on field  
evaluations) for laboratory analysis. Prepare site map.

Review field and laboratory results. Prepare report of  
findings and recommendations for further action, if any, for  
State Land Office and regulatory authorities. Act as liaison  
with regulatory agencies.

**Cost Estimate:** \$1200 per well; for 5 monitor wells..... \$6000

TCLP analysis (to determine if haz. waste present)..... 600

TPH analysis (to detect presence of petroleum hydro-  
carbons): \$125 per test x 3 samples per well..... 1875

Hanby tests: @ \$30 x 9 per well.....	1350
KSA Field Hydrologist @ \$50/hr. + Geotechnician @ \$30/hr. for four days .....	2560
Per diem + mileage.....	500
Report preparation, interface w/ regulatory agencies...	1500
Subtotal.....	14,385
10% contingency	1438
Estimated total.....	\$15,823

Again, I must stress that this is an approximate cost of a preliminary investigation. I hope it serves to give you a sense of our approach to the problem and our cost structure. Please let me know if I can answer any further questions or clarify any point herein - although I'm afraid I won't be any easier to reach for the next week than I have been in the past week! After that, things should settle down a bit.

Thank you for the opportunity to provide you with a proposal to perform the investigation of this site.

Sincerely,

  
Paige Morgan

**RECEIVED**

DEC 11 1997

Environmental Bureau  
Oil Conservation Division

November 2, 1993

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-111-334-277**

Mr. Jeff Keeth  
New Mexico Petroleum  
P.O. Box 1388  
Lovington, New Mexico 88260

**Re: Middle Lane Treating Plant Closure  
Lea County, New Mexico**

Dear Mr. Keeth:

On November 1, 1993 you verbally requested that the New Mexico Oil Conservation Division (OCD) release the \$25,000 bond covering the above referenced facility. Information on file with the OCD indicates that the constructed facilities have been removed. OCD rule 312.A.13 requires that facility "clean-up shall be in accordance with a plan acceptable to the Division Director". The OCD has no record of such a plan being submitted to the Division Director for approval.

Prior to release of the bond you are required to submit the following items;

- 1) A written request for the release of the \$25,000 bond.
- 2) A report describing all closure activities performed including the method of closure of the sludge pit, diagrams and/or maps indicating lateral and vertical extent of the contamination, the level of contamination that closure attained and the analytical results indicating attainment of these levels.

Submission of the above mentioned materials shall allow prompt review by the Environmental Bureau staff. If you have any questions contact Chris Eustice at (505) 827-5824.

Sincerely,



Mr. Jeff Keeth  
January 19, 1994  
Page 2

Roger C. Anderson  
Environmental Bureau Chief

RCA/cee  
xc: OCD Hobbs Office

**ROBERT L. LOVE**

ATTORNEY AT LAW

P. O. BOX 1099

HOBBS, NEW MEXICO 88240

ROBERT L. LOVE, J.D., LL.M.

PHONE  
(505) 397-7461

November 18, 1986

Mr. Jeff Taylor  
Oil Conservation Division  
Energy & Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: New Mexico Petroleum Company  
Transfer of Ownership

Dear Mr. Taylor:

This letter is a request for the Commission to schedule at its earliest possible hearing a transfer of ownership of New Mexico Petroleum Company from Michael D. Caudill and Roland E. Caudill of Lovington, New Mexico, to Jess Keeth, P. O. 1388, Lovington, New Mexico 88260.

Also enclosed herein is an Assignment of Cash Collateral Deposit executed by Mr. Jess M. Keeth and First Interstate Bank of Lea County in the amount of \$25,000.00.

Please advise me of the hearing.

Yours truly,



Robert L. Love  
Attorney for New Mexico Petroleum Company

RLL/tn

Enclosure: as stated.

carbon copy - Gary Don Reagan

Adopted 9-1-86

ASSIGNMENT OF CASH COLLATERAL DEPOSIT  
for TREATING PLANT BOND

(Must be a federally-insured bank or savings institution  
authorized to do business in New Mexico)

Date 11-14-86

Certificate # 0203989957679 matures 12-26-87

Pursuant to Rule 312 of the Rules of the Oil Conservation Division, or successor provisions, Jess M Keeth (hereinafter referred to as "owner") of Box 1388, Lovington, NM 88260 (address) has deposited with the First Interstate Bank of Lea Co (name of state or national bank or savings association) of Box 1477, Lovington, NM 88260

(address) (herein termed Financial institution), the sum of 25,000.00 dollars in Certificate of Deposit or savings account No. 02-03980057679. Owner hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Owner and the financial institution agree that as to the deposited sum or fund:

- a. The funds deposited pursuant to the terms of this Agreement are to serve as a cash bond covering a treating plant operated by owner.
- b. The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale of the treating plant covered by this agreement.
- c. Owner retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- d. The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Owner agrees that the financial institution may deduct from interest due owner any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

Jess M Keeth  
Signature of Owner, Jess M Keeth  
Personally or by Authorized Officer

Barbara McWilliams  
Signature of Authorized Officer of  
Financial Institution

Title

Barbara McWilliams  
Title Barbara McWilliams  
Vice President

STATE OF NEW MEXICO

) ss.

COUNTY OF Lea

On this 14 day of November, 1986, before me personally appeared Jess M Keeth, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as 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.

My Commission expires:

May 11, 1987

Stephanie Jones  
NOTARY PUBLIC



STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

January 20, 1987

POST OFFICE BOX 2083  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

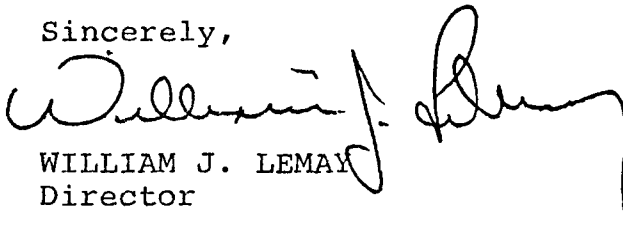
Robert L. Love  
P. O. Box 1099  
Hobbs, New Mexico 88240

Re: New Mexico Petroleum Company  
Transfer of Treating Plant  
Ownership

Dear Mr. Love:

Pursuant to the provisions of Division General Rule 312(d) your request to transfer ownership of the New Mexico Petroleum Company Middle Lane Treating Plant located in the SW/4 SE/4 of Section 7, Township 11 South, Range 37 East, NMPM, Lea County, New Mexico, authorized by Division Order No. R-3960, as amended, from Michael D. Caudill and Roland Caudill to Jess Keeth is hereby recognized and approved.

Sincerely,



WILLIAM J. LEMAY  
Director

WJL/MES/fd

cc: ✓ Jerry Sexton  
Jeff Taylor  
Jess Keeth  
Case No. 9057



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
HOBBES DISTRICT OFFICE  
January 2, 1987

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 1350  
HOBBES, NEW MEXICO 88240  
(505) 393-6161

New Mexico Petroleum Company  
P.O. Box 1145  
Lovington, New Mexico 88260  
Attn: Roland E. Caudill

Re: Middle Lane Plant

Gentlemen:

On January 2, 1987, I made an inspection of the Middle Lane Treating Plant located in the SW/4 SE/4 of Section 7, Township 11 South, Range 37 East, Lea County, New Mexico.

The location is in satisfactory condition and I have no objections to the transfer of this facility to the new owner.

Very truly yours

OIL CONSERVATION DIVISION

Jerry Sexton  
Supervisor, District I

JS:bp

cc: OCD, Santa Fe, New Mexico  
File



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

January 5, 1993

BRUCE KING  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

Roger Anderson  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Middle Lane Treating Plant

Dear Mr. Anderson:

Attached are pictures of the Middle Lane Treating Plant site, located in Section 7, Township 11 South, Range 34 East, Lea County, New Mexico, owned by Jess Keeth.

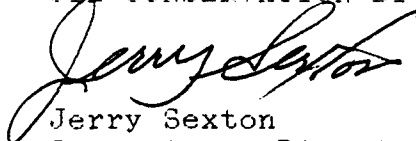
As you know, his lawyer came to Santa Fe and talked with Dave Boyer and you (I assume) about getting his treating plant bond released.

I believe he has done all the procedures that were agreed upon and request that the treating plant bond be released.

Let me know if there are any problems.

Very truly yours

OIL CONSERVATION DIVISION

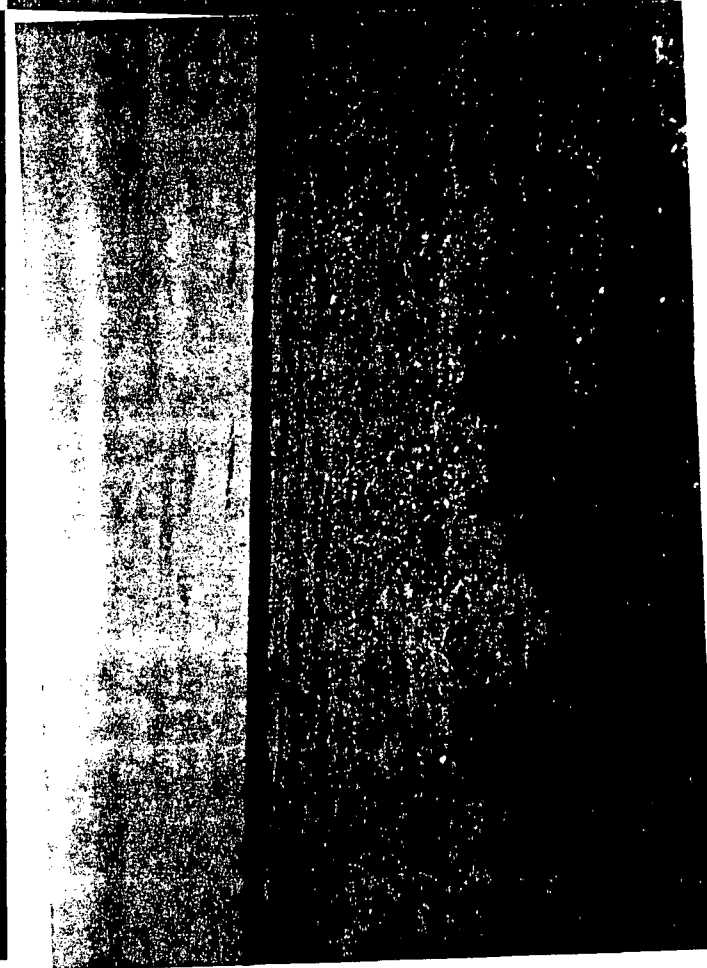
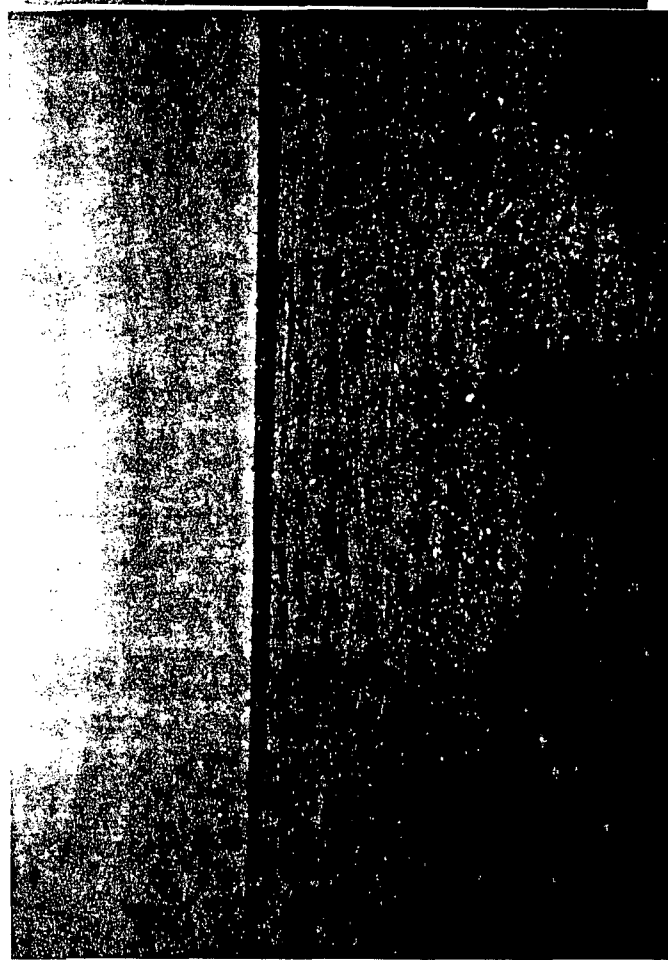
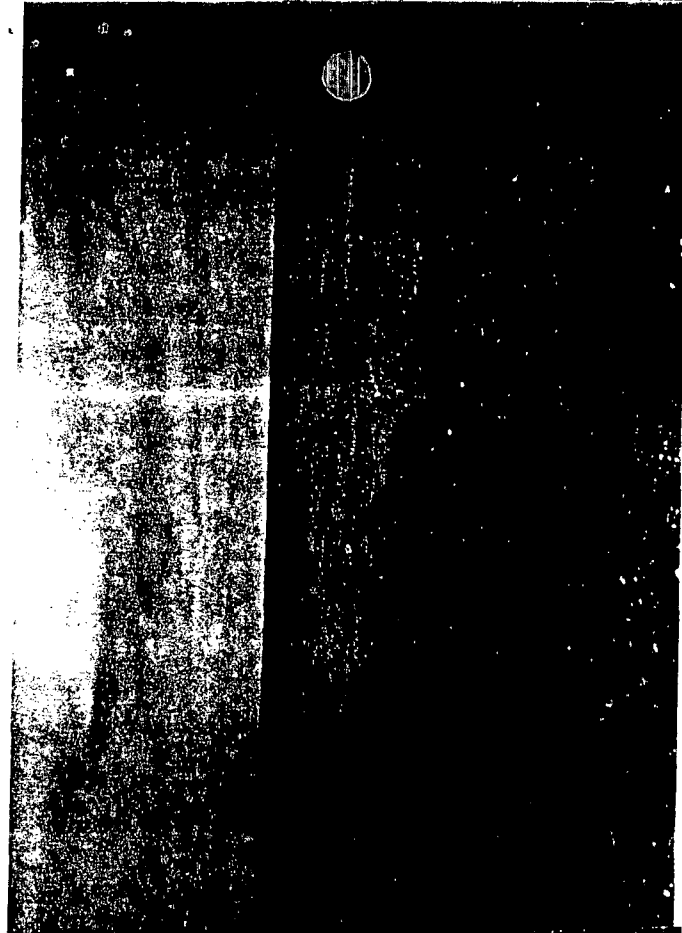
  
Jerry Sexton  
Supervisor, District I

JS:bp

File

Enclosure





TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of

*N. M. Peterson*

Month of

*Jan 88*

Address

*1500 E. Lammieal*  
(Street)

*Lovington*  
(City)

*NM*  
(State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
<i>Middle Lane</i>	<i>sec 7 Twp 11S - Rge 34E</i>	<i>05</i>

TOTAL ALL PLANTS

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
<i>None</i>		<i>0</i>

TOTAL ALL PLANTS

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
<i>None</i>		<i>0</i>

TOTAL ALL PLANTS

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
<i>Middle Lane</i>		<i>05</i>

TOTAL ALL PLANTS

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR

*N. M. Peterson*

Title

Date *1-9-1988*



TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of Mr. M. E. Peterson Month of Dec 1988  
Address \_\_\_\_\_ (Street) \_\_\_\_\_ (City) \_\_\_\_\_ (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane	Sec 4. Twp 11S - Rge 34E	<del>34E</del> 05

TOTAL ALL PLANTS

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
None		0

TOTAL ALL PLANTS

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
None		0

TOTAL ALL PLANTS

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane	Section P. Rge 34E	05

TOTAL ALL PLANTS

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR

Rv

Title

Date

Mr. M. E. Peterson

Dec

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of Almy Phalen Month of Oct 88  
Address 1506 Commercial Lawyer NM  
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane	SOC 7th 11 S-34E	05
TOTAL ALL PLANTS		
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
None		0
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
None		0
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane	SOC 7th 11 S Rge 34E	05
TOTAL ALL PLANTS		

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR \_\_\_\_\_

By \_\_\_\_\_ Title \_\_\_\_\_ Date 10-10-88

Month of SEPTEMBER 1988

(State)

By \_\_\_\_\_ Title \_\_\_\_\_ Date 10-15-88

## PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE			
	NEW MEXICO PETROLEUM COMPANY			
SEPTEMBER	1988			

## TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM COMPANYMonth of AUGUST 1988Address 1500 SOUTH COMMERCIAL  
(Street)LOVINGTON,  
(City)NEW MEXICO 88260  
(State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
NONE		0
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
NONE		0
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.

ROLAND E. CAUDILL

SALES REPRESENTATIVE

By \_\_\_\_\_

Title \_\_\_\_\_

Date 10-15-88

## PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE  NEW MEXICO PETROLEUM COMPANY AUGUST 1988			

TREATING PLANT OPERATOR'S MONTHLY REPORT

B

Report of NEW MEXICO PETROLEUM COMPANY Month of NOVEMBER 1988

Address 1500 SOUTH COMMERCIAL LOVINGTON NEW MEXICO 88260  
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
NONE		0
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
NONE		0
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.  
By ROLAND E. CAUDILL Title SALES REPRESENTATIVE Date 12-14-88

## PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE  NEW MEXICO PETROLEUM COMPANY NOVEMBER 1988			



## TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM COMPANYMo. of JULY

1988

Address 1500 SOUTH COMMERCIAL  
(Street)LOVINGTON  
(City)NEW MEXICO 88260  
(State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
NONE		0
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
NONE		0
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.

ROLAND E. CAUDILL

SALES REPRESENTATIVE

By \_\_\_\_\_ Title \_\_\_\_\_ Date 10-15-88

## PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE  NEW MEXICO PETROLEUM COMPANY JULY 1988			

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM COMPANY Month of JUNE 1988  
Address 500 S. Commercial LOVINGTON N.M. 88260  
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane	Sec-7;Twp-11S;RGe34E	05
TOTAL ALL PLANTS		05
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Araho Inc.	Sec-1;Twp-17S;Rge-36E	150
TOTAL ALL PLANTS		150
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
Middle Lane	Moncrief Oil St.8#2	75
	Sec-8;Twp-16S;Rge-33E	
	Charles B. Gillespie Jr.	75
	Sec-10;Twp-17S;Rge-37E	
TOTAL ALL PLANTS		150
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
Middle Lane	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.  
By Roland E. Caudill Title Sales Rep. Date 7-10-88

## PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NEW MEXICO PETROLEUM COMPANY			
	JUNE 1988			
H-10647	Araho Inc.	L.C. State #1	75	75
H-10648	" "	" " "	75	75

## TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM CO. Month of May 1988Address 500 S. Commercial Lovington, N.M. 88260  
(Street) (City) (State)

## TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
------------	----------	---------

Middle Lane

Sec-7;Twp-11S;Rge-34E

05

TOTAL ALL PLANTS

05

## TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
------------	----------	---------

Araho Inc. L.C. State #1

Sec-1;Twp-10S;Rge-36E

50

TOTAL ALL PLANTS

50

## DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
------	----	---------

Middle Lane Plant

AMERIND OIL St. #2  
Sec-2;Twp-17S;Rge-37E

50

TOTAL ALL PLANTS

50

## TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
------------	----------	---------

Middle Lane

Sec-7;Twp-11S;Rge-34E

05

TOTAL ALL PLANTS

05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.By Roland E. Caudill Title Sales Rep. Date 6-16-88

## PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLS. P.L. OIL RECOVERED
	NEW MEXICO PETROLEUM CO. MAY 1988			
H-10581	Araho Inc.	L.C. State #1	50	50

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of N. M. Petroleum Co. Month of April  
Address 1500 S Commercial Los Alamos NM 87560  
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
<u>Middle Lane</u>	<u>Sec 7 Twp 11S Rge 3E</u>	<u>5</u>

TOTAL ALL PLANTS

TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
<u>None</u>		<u>0</u>

TOTAL ALL PLANTS

DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
<u>None</u>		<u>0</u>

TOTAL ALL PLANTS

TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
<u>Middle Lane</u>	<u>Sec 7 Twp 11S Rge 3E</u>	<u>5</u>

TOTAL ALL PLANTS

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR N. M. Petroleum Co.

Date April 68

## TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM COMPANYMonth of MARCH 1988Address 1500 S. Commercial  
(Street)LOVINGTON  
(City)N.M. 88260  
(State)

## TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane Plant	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

## TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
	None	
TOTAL ALL PLANTS		

## DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
	None	
TOTAL ALL PLANTS		

## TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
Middle Lane Plant	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM COMPANYBy Roland E. CaudillTitle Sales Rep.Date 5-1-88



PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NONE  NEW MEXICO PETROLEUM COMPANY MARCH 1988			

## TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM CO. Month of FEBRUARY 1988  
Address 1500 S. Commercial P.O. Box 1145 LOVINGTON, N.M. 88260  
(Street) (City) (State)

## TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
MIDDLE LANE PLANT	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

## TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
NONE		
TOTAL ALL PLANTS		

## DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)

FROM	TO	BARRELS
NONE		
TOTAL ALL PLANTS		

## TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)

PLANT NAME	LOCATION	BARRELS
MIDDLE LANE PLANT	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM CO.By ROLAND E. CAUDILL Title SALES REPRESENTATIVE Date 2-20-88

## OIL CONSERVATION DIVISION

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088

SANTA FE, NEW MEXICO 87500

Form C-118  
Revised 10-1-78  
Sheet 1-A

## PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NEW MEXICO PETROLEUM CO.	FOR FEBRUARY 1988	NONE	NONE

TREATING PLANT OPERATOR'S MONTHLY REPORT

Report of NEW MEXICO PETROLEUM COMPANY Month of JANUARY 1988  
Address 1500 S. COMMERCIAL P.O. BOX 1145 LOVINGTON, N.M. 88260  
(Street) (City) (State)

TOTAL STOCKS PIPELINE OIL BEGINNING OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE PLANT	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05
TOTAL PIPELINE OIL RECOVERED (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
NONE		
TOTAL ALL PLANTS		
DELIVERIES PIPELINE OIL (Attach additional sheets if necessary)		
FROM	TO	BARRELS
NONE		
TOTAL ALL PLANTS		
TOTAL STOCKS PIPELINE OIL END OF MONTH (Attach additional sheets if necessary)		
PLANT NAME	LOCATION	BARRELS
MIDDLE LANE PLANT	Sec-7;Twp-11S;Rge-34E	05
TOTAL ALL PLANTS		05

I hereby certify that this report is true and complete to the best of my knowledge and belief.

NAME OF TREATING PLANT OPERATOR NEW MEXICO PETROLEUM COMPANY  
By ROLAND E. CAUDILL Title SALES REPRESENTATIVE Date 2-10-88

PIPELINE QUALITY OIL RECOVERED BY TREATING PLANTS

PERMIT NUMBER	LEASE OPERATOR	LEASE NAME	GROSS VOLUME SEDIMENT OIL	NET BBLs. P.L. OIL RECOVERED
	NEW MEXICO PETROLEUM CO.	FOR JANUARY 1988	NONE	NONE



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

November 2, 1993

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**CERTIFIED MAIL**

**RETURN RECEIPT NO. P-111-334-277**

Mr. Jeff Keeth  
New Mexico Petroleum  
P.O. Box 1388  
Lovington, New Mexico 88260

**Re: Middle Lane Treating Plant Closure  
Lea County, New Mexico**

Dear Mr. Keeth:

On November 1, 1993 you verbally requested that the New Mexico Oil Conservation Division (OCD) release the \$25,000 bond covering the above referenced facility. Information on file with the OCD indicates that the constructed facilities have been removed. OCD rule 312.A.13 requires that facility "clean-up shall be in accordance with a plan acceptable to the Division Director". The OCD has no record of such a plan being submitted to the Division Director for approval.

Prior to release of the bond you are required to submit the following items;

- 1) A written request for the release of the \$25,000 bond.
- 2) A report describing all closure activities performed including the method of closure of the sludge pit, diagrams and/or maps indicating lateral and vertical extent of the contamination, the level of contamination that closure attained and the analytical results indicating attainment of these levels.

Submission of the above mentioned materials shall allow prompt review by the Environmental Bureau staff. If you have any questions contact Chris Eustice at (505) 827-5824.

Sincerely,

Roger C. Anderson  
Environmental Bureau Chief

RCA/cee  
xc: OCD Hobbs Office



JIM BACA  
COMMISSIONER

State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

OIL CONSERVATION DIVISION  
RECEIVED

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P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

February 12, 1993

Bill LeMay  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Jess M. Keeth d/b/a N. M. Petroleum Co. - BL-1143  
(\$25,000 - cash bond - Treating Plant)

Dear Mr. LeMay:

I am concerned that Mr. Keeth has been requesting the release of the above referred to bond (copy attached).

We have not been successful in gaining the cooperation for the cleanup of the abandoned oil treating facility from any of the parties involved. Therefore, we are requesting the bond not be released until we give approval that site has been cleaned and restored to its condition existing prior to placement of improvements. Written approval of cleanup from regulatory authorities must also be submitted to this office.

If you have any questions concerning this issue, please call Zilla Padilla at 827-5723.

Sincerely,

Johnny A. Taylor  
Assistant Commissioner

JAT/ZPP/dl

Attachment

*Cyrt Rogers  
FA + to  
Jenny Hobbie*

001-022  
Adopted 9-1-86

ASSIGNMENT OF CASH COLLATERAL DEPOSIT  
for TREATING PLANT BOND

(Must be a federally-insured bank or savings institution  
authorized to do business in New Mexico)

Date January 2, 1987

Pursuant to Rule 312 of the Rules of the Oil Conservation Division, or successor provisions, Jess M. Keeth d/b/a New Mexico Petroleum Company hereinafter referred to as "owner") of Box 1388, Lovington, NM 88260 (address) has deposited with the First Interstate Bank of Lea (name of state or national bank or savings association) of Box 1477, Lovington, NM 88260 (address) (herein termed

financial institution), the sum of \$25,000.00 dollars in Certificate of Deposit or savings account No. 02-03980057679. Owner hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Owner and the financial institution agree that as to the deposited sum or fund:

- The funds deposited pursuant to the terms of this Agreement are to serve as a cash bond covering a treating plant operated by owner.
- The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale of the treating plant covered by this agreement.
- Owner retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Owner agrees that the financial institution may deduct from interest due owner any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

Jess M. Keeth  
Signature of Owner,  
Personally or by Authorized Officer

Title

Robert C. Dunn, Jr.  
Signature of Authorized Officer of  
Financial Institution

Robert C. Dunn, Jr.

Vice President

Title

STATE OF NEW MEXICO

COUNTY OF Lea ) ss.

On this 2nd day of January, 19 87 before me personally appeared Jess M. Keeth and Robert C. Dunn, Jr., to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as 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.

My Commission expires:

9/8/90

Karen Gobble  
NOTARY PUBLIC - Karen Gobble

OIL CONSERVATION DIVISION

Charles E. Bly 1/9/87  
Acting Director



NEW MEXICO OIL CONSERVATION DIVISION  
OF THE ENERGY & MINERALS DEPARTMENT

\$25,000.00 CASH TREATING PLANT BOND

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 97504

KNOW ALL MEN BY THESE PRESENTS:

New Mexico

That Jess M. Keeth d/b/a Petroleum Company (an individual)  
(~~partnership~~) (~~a corporation organized in the State of~~)  
with its principal office in the City of Lovington, State of New Mexico, and authorized to do business in the State of New Mexico), is held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy & Minerals Department in the sum of Twenty Five Thousand (\$25,000.00) Dollars lawful money of the United States.

The conditions of this obligation are such that:

The above principal has heretofore or may hereafter enter into the process of treating and reclaiming sediment oil in Section 7, Township 11 ~~NXXXXX~~ (South), Range 34 (East) ~~NXXXXX~~, N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, This \$25,000 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 Division of the Energy and Minerals Department, and upon clean-up of the plant site to standards of the Oil Conservation Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

The applicant has deposited on behalf of the Division \$25,000 (Twenty-five thousand dollars) in the manner indicated on the attachment to this bond, being the principal sum intended to be secured. Applicant pledges the sum as a guarantee that if its executors, assigns, heirs and administrators will abide by the Laws of the State of New Mexico and the Rules and Regulations of the Oil Conservation Division in operating the treating plant described herein, and that it will properly reclaim the plant site upon cessation of operations. If the applicant does not properly reclaim and restore the plant site, and otherwise abide by the Rules and Orders of the Oil Conservation Division, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the plant site. If the principal sum of the bond is less than the actual cost incurred by the Division in reclaiming the plant site, the Division may institute legal action to recover any amounts expended over and above the principal sum of the bond.

NOW, THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or any of them shall properly reclaim and restore the above-described treating plant site upon cessation of operations, and otherwise abide by the Rules and Orders of the Oil Conservation Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the applicant, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Signed and sealed this 2nd day of January, 19 87.

PRINCIPAL

Postal 1388  
Mailing Address

By

Signature

Title

By

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

(Note: Corporate surety affix corporate  
seal here.)



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

OIL CONSERVATION DIVISION  
RECEIVED  
'93 FEB 4 AM 9 08

BRUCE KING  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

February 2, 1993

Bill LeMay  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

RE: MIDDLELANE TREATING PLANT

Dear Bill:

On the Middlelane Treating Plant, an agreement between Mr. Keith, J.W. Neal (Mr. Keith's lawyer), the State Land office and David Boyer was made on the clean up of the site. This was one of 3 sites the Oil Conservation Division (OCD) authorized for basic sediments and tank bottoms to be dumped in the early 1960's.

The useable oil was reclaimed over the years and Mr. Keith, who to be honest with you never really operated the plant, acquired the site and found he was responsible for closure.

The closure procedure was to mix the solid basic sediments with caliche and bury the mixture, which has been done.

Roger was not in on the talks with Mr. Keith and feels he cannot release the bond. Rodger has said that you have the authority to release the bond.

The OCD made the agreement with Mr. Keith and his lawyer and now after David Boyer left no one is left to uphold our end of the agreement. I would recommend the bond be released with some notation that this is per agreement from David Boyer, the previous Environmental Bureau Chief. I am not sure how we can ask people to spend money on clean up and then say the OCD is not honoring previous commitments.

The same thing is about to happen with Mr. Squires at Laguna Gatuna, but at least Rodger was in on the talks and inspections so he is aware of the agreements that were made.



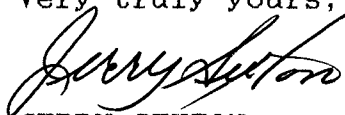
Page 2  
Bill LeMay  
February 2, 1993

Kathy Brown inspected the Middlelane Treating Plant site and can fill you in on the actual plant site.

Mr. Keith keeps calling about his release of bond. If the bond cannot be released, I would recommend a meeting between Rodger, Mr. Keith and Mr. Keith's lawyer to tell them where they stand.

Note: I think David Boyer took samples and had them evaluated to make sure everything was okay.

Very truly yours,



JERRY SEXTON  
District I Supervisor

JS/sad

xc: Rodger Anderson



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

RECEIVED

'93 JAN 7 AM 8 48

January 5, 1993

BRUCE KING  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

Roger Anderson  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Middle Lane Treating Plant

Dear Mr. Anderson:

Attached are pictures of the Middle Lane Treating Plant site, located in Section 7, Township 11 South, Range 34 East, Lea County, New Mexico, owned by Jess Keeth.

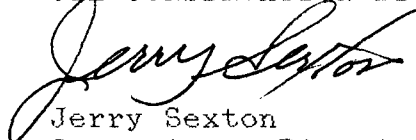
As you know, his lawyer came to Santa Fe and talked with Dave Boyer and you (I assume) about getting his treating plant bond released.

I believe he has done all the procedures that were agreed upon and request that the treating plant bond be released.

Let me know if there are any problems.

Very truly yours

OIL CONSERVATION DIVISION

  
Jerry Sexton  
Supervisor, District I

JS:bp

File

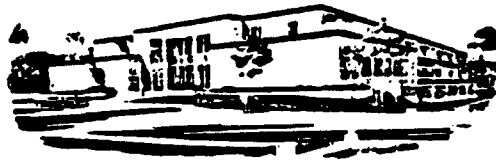
Enclosure



State of New Mexico



JIM BACA  
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

February 25, 1991

Mr. Jess Keeth  
New Mexico Petroleum Co.  
P. O. Box 1388  
Lovington, New Mexico 88260

Re: State Business Lease No. BL-1143

Dear Mr. Keeth:

On November 22, 1989, we mailed the lease renewal to P. O. Box 1145, Lovington, New Mexico 88260. It was returned to this office "UNCLAIMED". We have since found a correct Box Number and are enclosing a new lease for two years to May 31, 1991 at \$100.00 per year, in order to allow you more time to reclaim the area and resolve the problem with the oil in the settling pit. I understand you have been working with the Oil Commission in getting the problem resolved.

Please sign before a Notary Public and return with your check for \$200.00, plus \$30.00 processing fee by March 12, 1991.

If you have any questions, please call Zilla P. Padilla at 827-5723.

Sincerely,

A handwritten signature in dark ink, appearing to read "Pleas M. Glenn", written over a horizontal line.

Pleas M. Glenn  
Assistant Commissioner

PMG/ZPP/d1

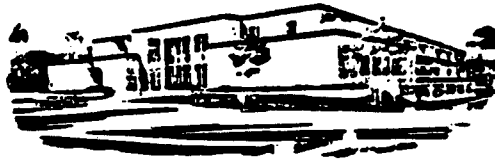
Enclosures (2)

cc: BL-1143  
Date File

State of New Mexico



JIM BACA  
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

March 14, 1991

CERTIFIED MAIL

Mr. Jess Keeth  
P. O. Box 1388  
Lovington, New Mexico 88260

Re: State Land Office Business Lease No. BL-1143

Dear Mr. Keeth:

On February 25, 1991, we mailed you a lease renewal with an expiration date of May 31, 1991. This was to allow you additional time to resolve the problem with the oil in the settling pit and reclaim the area. As of this date, we have not had a reply from you.

Your lease expired May 31, 1989, however, there remains the problem of the oil settling pit on the subject state property.

Pursuant to Section 5 of the lease, you are required to remove all improvements to the land and restore same to its condition existing prior to placement of such improvements. Demand is hereby made that all materials and debris be removed by April 15, 1991 and the oil settling pit cleaned and area restored. Failure to perform your obligation under the lease by April 15, 1991 will require the Commissioner to enforce the terms of the lease in the appropriate forum.

Thank you in advance for your cooperation and assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "P. M. Glenn", written over a horizontal line.

Pleas M. Glenn  
Assistant Commissioner

PMG/ZPP/d1







# ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088



- ☐ MOVED, LEFT NO ADDRESS
  - ☒ FORWARDING ORDER EXPIRED
  - ☐ ATTEMPTED NOT KNOWN
  - ☐ UNCLAIMED ☐ REFUSED
  - ☐ NO SUCH STREET
  - ☐ NO SUCH NUMBER
- NEW MEXICO PETROLEUM CO.  
P.O. Box 215  
Tatum, NM 88267



Fold at line over top of envelope to the right  
of the return address.

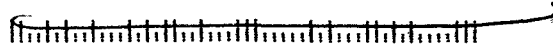
**CERTIFIED**

P 918 402 413

**MAIL**

*closed*

1st class 9-21-90  
2nd class  
Return 10-6-90





STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

September 19, 1990

CERTIFIED MAIL  
RETURN RECEIPT NO. P-918-402-413

New Mexico Petroleum Co.  
P. O. Box 215  
Tatum, New Mexico 88267

RE: Regulatory Notification, New Federal Requirements for Oil Reclamation Facilities

Dear Sir:

This letter is to advise you of a forthcoming federal requirement that may affect operation of your facility.

As you know, only the New Mexico Oil Conservation Division (OCD) currently regulates your facility. However, on September 25, 1990, a US Environmental Protection Agency (EPA) regulation directing use of the Toxicity Characteristic Leaching Procedure (TCLP) and adding toxicity constituent regulatory levels becomes effective. On that date waste material containing benzene, a natural component of crude oil, will be regulated as federal "hazardous waste" if benzene levels exceed the promulgated level of 500 parts per billion (ppb). Certain waste materials are excluded from this regulation including wastes from crude oil and natural gas exploration and production activities. However, liquid and solid wastes and sludges generated by crude oil and tank bottom reclaimers may not be exempted. Permitting under OCD rules does not necessarily mean your facility is EPA exempt.

If the waste stream from treating crude oil and tank bottoms by your facility contains benzene concentrations of greater than 500 ppb and if that waste is not exempted under EPA interpretation of the oil and gas exclusion, EPA will require that the waste stream be permitted and handled as hazardous waste. Additionally, if any portion of a common facility handling exempt exploration and production wastes is also considered to be treating, storing, or disposing of hazardous waste, then the entire common facility may be subject to EPA regulations which include provisions for substantial hydrogeologic investigations, corrective actions, and post-closure monitoring. There are civil and criminal penalties for failure to comply with "hazardous waste" regulations.

New Mexico Petroleum Co.

September 19, 1990

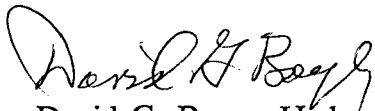
Page -2-

Therefore the OCD strongly recommends that you contact and review your operations with a private consultant or attorney familiar with this new federal rule prior to September 25 to determine the impact of the new regulation at your facility, and for advice as to technical permitting requirements and your potential liability.

Currently, the State of New Mexico is taking action to notify President Bush, the USEPA, and the Department of Energy of the impact of this new rule, and is requesting implementation be delayed for at least six months while the issue is reexamined. However, the outcome of this appeal is far from certain. Enclosed with this letter is a copy of the letter to President Bush. You may also wish to contact members of the New Mexico Congressional delegation regarding this important matter.

If you have any questions you are urged to contact either myself at (505) 827-5812 or Roger Anderson of this office at 827-5884.

Sincerely,



David G. Boyer, Hydrogeologist  
Environmental Bureau Chief

DGB/sl

Enclosure

cc: NMOCD District Office

GARREY CARRUTHERS  
Governor



OFFICE of the GOVERNOR  
State of New Mexico  
Santa Fe 87503

September 14, 1990

President George Bush  
Executive Office of the President  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20460

Dear Mr. President:

We in New Mexico have been working to increase domestic crude oil production in order to help meet the short fall of approximately 4.3 million barrels from Kuwait and Iraq. We are deeply concerned about a new Environmental Protection Agency (EPA) rule that will decrease the amount of crude oil and refined petroleum products available domestically. This rule is commonly referred to as the "benzene standard" and is scheduled to be implemented on September 25, 1990. Our concerns were discussed with Admiral Watkins at the September 7 meeting in Washington where oil producing states were called to address the need to increase domestic oil supply.

In New Mexico alone, we anticipate a loss in excess of 10,000 barrels of oil per month. The new EPA rule is a regulatory burden which will shut down facilities which treat and reclaim crude oil from tank bottoms without providing any environmental benefits. It will also jeopardize hydrocarbon clean up programs currently operating at refinery sites.

We recommend implementation of this rule be delayed for at least six months pending a reexamination of its impact and effectiveness. I solicit your personal attention to this important matter and pledge the cooperation of myself and my staff should you or federal agencies need additional information or questions answered concerning this issue.

Sincerely,

GARREY CARRUTHERS  
Governor

cc: William J. Riley, EPA Administrator  
James D. Watkins, Secretary of Energy  
N.M. Congressional Delegation



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

1990 MAY 16 AM 8 38  
May 14, 1990

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

GARREY CARRUTHERS  
GOVERNOR

Mr. J M Keeth  
P O Box 1388  
Lovington, N. Mex. 88260

RE: Middle Lane Treating Plant

Mr. Jess Keeth:

Recent conversations with the operator of Bogle Farms Ranch, Mr. Clyde Derrick, brought to our attention the fence around your treating plant. The fences are in poor shape and are allowing cattle to enter the area and some have been in contact with oil and BS in the pit.

We would like you to contact Mr. Derrick at (505) 398-6411 to resolve the problem with his cattle, and in addition, repair the fence around your plant.

You also need to contact Mr. Dave Boyer (505) 827-5885 about the cleanup of the pit as soon as possible.

Your immediate attention to these matters will be greatly appreciated.

Yours Very Truly,  
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Jerry Sexton".

Jerry Sexton,  
Supervisor - Dist. I

JS/EWS:jm

cc: Mr. Dave Boyer  
Mr. Clyde Derrick

NM Pgt. Co.  
Middlestone Treater Plant  
SW 8E Sec 7, 11S, 34E

Jess Keith Operator  
State Land  
PO 1388 Lovington  
Closure & Reclamation

- Dig new 4' deep pit ~~with~~ <sup>through</sup>  
- Move B into it, cover  
with plastic, & soil

- Dig pit for solids -  
Tank insulation,  
metal pieces, drums,  
trash, pipe, etc  
and cover.

- Reclaim grade and  
remove berms.

Remove  
- Fence ~~and~~ label?

- water well 1/4 mi. N

State #1 66075L  
1830 East

Still C. 11/11/34  
Plugged 7/11/34



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

April 4, 1990

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

First Interstate Bank of  
Lea County  
P. O. Box 400  
Hobbs, New Mexico 88240

Re: \$25,000 Cash Treating Plant Bond  
Jess M. Keeth dba New Mexico  
Petroleum Company  
Bond No. OCD-022  
Your Certificate of Deposit No. 02-03980057679

Gentlemen:

As we advised Emma in your office on April 3, 1990, the principal under the above-referenced cash bond, and your depositor, Jess M. Keeth dba New Mexico Petroleum Company, has apparently abandoned the treating plant facility which was covered by this bond and has notified the State Land Office, as Lessor of the lands upon which the facility was situated, that he has no money and is unable to continue operations. The Land Office has further determined that all of the hard assets, including tanks and other equipment, has been removed from this facility but that there is substantial clean-up which may be required.

Your are therefore advised pursuant to the terms of the bond and the Assignment of Cash Collateral Deposit executed by Robert C. Dunn, Jr., Vice President of your institution, that under no circumstances are the funds presented by this certificate of deposit to be released to Mr. Keeth or anyone on his behalf until further notice by the OCD. It appears quite likely that the OCD will be initiating an action to require Mr. Keeth to clean up and restore the facility or forfeiture of the bond if the OCD is required to conduct such clean-up operations.

We will keep you advised of the situation and you will receive notice of any hearing which is conducted in this regard.

We appreciate your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert G. Stovall".

ROBERT G. STOVALL,



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

MAY 16 AM 8 38  
May 14, 1990

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

GARREY CARRUTHERS  
GOVERNOR

Mr. J M Keeth  
P O Box 1388  
Lovington, N. Mex. 88260

RE: Middle Lane Treating Plant

Mr. Jess Keeth:

Recent conversations with the operator of Bogle Farms Ranch, Mr. Clyde Derrick, brought to our attention the fence around your treating plant. The fences are in poor shape and are allowing cattle to enter the area and some have been in contact with oil and BS in the pit.

We would like you to contact Mr. Derrick at (505) 398-6411 to resolve the problem with his cattle, and in addition, repair the fence around your plant.

You also need to contact Mr. Dave Boyer (505) 827-5885 about the cleanup of the pit as soon as possible.

Your immediate attention to these matters will be greatly appreciated.

Yours Very Truly,  
OIL CONSERVATION DIVISION

*Jerry Sexton*  
Jerry Sexton,  
Supervisor - Dist. I

JS/EWS:jm

cc: Mr. Dave Boyer  
Mr. Clyde Derrick



Summit, N 111 "A" State #1 66045L  
Plugged 7/11/34 1830 East

NM Pat. Co.  
Mid-Plasone Treater Plant  
SW 35 Sec 27, 11S, 34E

Jess Height Operator  
State Land  
1901388 Leasing  
Creston & Richardson

6' new 4' deep pit / man  
hole

- Move BS into it, cement  
with plastic, avoid

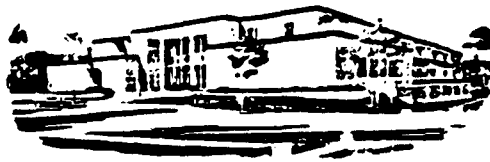
- Dig pit to solids -  
bank insulation  
metal pieces, drums,  
trash, pipe, etc  
and cords,

- Reclaim/grade and  
remove berms.

- Remove  
force, and label?

- make well 1/4 mile North

State of New Mexico



JIM BACA  
COMMISSIONER

Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

May 2, 1991

Robert Stovall, General Counsel  
Oil Conservation Division  
Energy, Minerals & Natural Resources Department  
State of New Mexico  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87504

Re: Jess M. Keeth

Dear Bob:

Attached are copies of the demand letters to Messrs. Keeth, Caudill and Davenport regarding the restoration of the oil treatment plant site on state trust lands near Tatum, which I have discussed with you previously. The demand letters also were served upon the corporate entities, Rio Verde Enterprises, Inc., and Verde Grande, Inc., both are oil reclamation companies owned by the Caudills.

We expect to actively proceed with this matter if the requirements of the demand are not met and will be looking to OCD to coordinate its efforts with that of the Commissioner, particularly as it relates to the reclamation bond held by OCD.

Very truly yours,

A handwritten signature in cursive script, reading "Nicholas J. Black".

Nicholas J. Black  
Associate Counsel  
New Mexico State Land Office

NJB/pt

enclosure



JIM BACA  
COMMISSIONER

State of New Mexico  
OFFICE OF THE  
Commissioner of Public Lands  
Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

CERTIFIED

NO. 49719

APRIL 19, 1991

Michael D. Caudill  
906 West Harrison Ave  
Lovington, New Mexico 88260

RE: New Mexico Petroleum Co.  
Oil Treatment Plant Facility  
T11S, R34 E, Sec. 7, SW4SE4  
BL- 1143

Dear Mr. Caudill:

As you know, you are the named lessee in the above-described lease which permitted certain state trust land to be used as part of an oil treatment facility. The operations of the facility ceased in 1990 and the land now must be reclaimed pursuant to the terms of the lease.

Mr. Jess Keeth, your assignee, has failed to perform the reclamation obligation set forth in Section 5 of the lease. This provision requires removal of all improvements and the land be returned to the condition existing prior to placement of such improvements. We understand Mr. Keeth has removed all improvements but for the fencing and the waste material produced from the oil recovery operations.

Your failure, and that of your predecessors and assignee, to reclaim and restore the property constitutes a breach under the terms of the lease. Furthermore, we are concerned that the recent EPA regulatory changes may require treating the facility

April 19, 1991

as a hazardous waste site, if benzene concentrations exceed certain levels. The Oil Conservation Division of Energy, Minerals and Natural Resources Department has advised that good quality groundwater exists in the area at approximately 30 feet.

Demand, therefore, is made upon you to immediately undertake the performance of your reclamation and restoration obligations under the lease. The obligation to restore and reclaim is unaffected by your assignment to Mr. Keeth. The waste material and soil first must be tested to determine composition and whether any hazardous substance is present. Once this phase is completed satisfactorily, a proposed reclamation plan from a qualified environmental engineering firm shall be submitted for the Commissioner's approval, after which the diligent and timely restoration and reclamation action shall be taken.

Please contact the undersigned within seven (7) days from receipt of this letter to arrange for site testing and material sampling. In the event you do not satisfactorily comply with the terms hereof, the Commissioner will take what action is necessary to protect the interests of the trust of which this land is a part, and its beneficiaries.

Sincerely,



Nicholas J. Black  
Special Assistant Attorney General

NJB/lh



JIM BACA  
COMMISSIONER

State of New Mexico  
OFFICE OF THE  
Commissioner of Public Lands  
Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

CERTIFIED

NO.49720

APRIL 19, 1991

Roland E. Caudill, President  
Rio Verde Enterprises, Inc.  
822 West Birch Street  
Lovington, New Mexico 88260

RE: New Mexico Petroleum Co.  
Oil Treatment Plant Facility  
T11S, R34 E, Sec. 7, SW4SE4  
BL- 1143

Dear Mr. Caudill:

As you know, you are the named lessee in the above-described lease which permitted certain state trust land to be used as part of an oil treatment facility. The operations of the facility ceased in 1990 and the land now must be reclaimed pursuant to the terms of the lease.

Mr. Jess Keeth, your assignee, has failed to perform the reclamation obligation set forth in Section 5 of the lease. This provision requires removal of all improvements and the land be returned to the condition existing prior to placement of such improvements. We understand Mr. Keeth has removed all improvements but for the fencing and the waste material produced from the oil recovery operations.

Your failure, and that of your predecessors and assignees, to reclaim and restore the property constitutes a breach under the terms of the lease. Furthermore, we are concerned that the recent EPA regulatory changes may require treating the facility as a hazardous waste site, if benzene

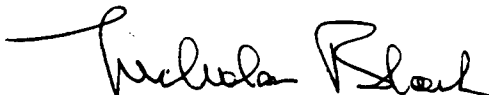
April 19, 1991

concentrations exceed certain levels. The Oil Conservation Division of Energy, Minerals and Natural Resources Department has advised that good quality groundwater exists in the area at approximately 30 feet.

Demand, therefore, is made upon you, Rio Verde Enterprises, Inc. and Verde Grande, Inc., to immediately undertake the performance of the reclamation and restoration obligations under the lease. The obligation to restore and reclaim, is unaffected by your assignment to Mr. Keeth. The waste material and soil first must be tested to determine composition and whether any hazardous substance is present. Once this phase is completed satisfactorily, a proposed reclamation plan from a qualified environmental engineering firm shall be submitted for the Commissioner's approval, after which the diligent and timely restoration and reclamation action shall be taken.

Please contact the undersigned within seven (7) days from receipt of this letter to arrange for site testing and material sampling. In the event you do not satisfactorily comply with the terms hereof, the Commissioner will take what action is necessary to protect the interests of the trust of which this land is a part, and its beneficiaries.

Sincerely,



Nicholas J. Black  
Special Assistant Attorney General

NJB/lh



JIM BACA  
COMMISSIONER

State of New Mexico  
OFFICE OF THE  
Commissioner of Public Lands  
Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

CERTIFIED

NO.49721

APRIL 19, 1991

Mr. Jess Keeth  
P. O. Box 1388  
Lovington, New Mexico 88260

RE: New Mexico Petroleum Co.  
Oil Treatment Plant Facility  
T11S, R34 E, Sec. 7, SW4SE4  
BL- 1143

Dear Mr. Caudill:

As you know, by virtue of an assignment, you are the named lessee in the above-described lease which permitted certain state trust land to be used as part of an oil treatment facility. The operations of the facility ceased in 1990 and the land now must be reclaimed pursuant to the terms of the lease.

You and your predecessors have failed to perform the reclamation obligation set forth in Section 5 of the lease. This provision requires removal of all improvements and the land be returned to the condition existing prior to placement of such improvements. We understand that you have removed all improvements but for the fencing and the waste material produced from the oil recovery operations.

Your failure, and that of your predecessors, to reclaim and restore the property constitutes a breach under the terms of the lease. Furthermore, we are concerned that the recent EPA

Jess Keeth

-2-

April 19, 1991

regulatory changes may require treating the facility as a hazardous waste site, if benzene concentrations exceed certain levels. The Oil Conservation Division of Energy, Minerals and Natural Resources Department has advised that good quality groundwater exists in the area at approximately 30 feet.

Demand, therefore, is made upon you to immediately undertake the performance of your reclamation and restoration obligations under the lease. The waste material and soil first must be tested to determine composition and whether any hazardous substance is present. Once this phase is completed satisfactorily, a proposed reclamation plan from a qualified environmental engineering firm shall be submitted for the Commissioner's approval, after which the diligent and timely restoration and reclamation action shall be taken.

Please contact the undersigned within seven (7) days from receipt of this letter to arrange for site testing and material sampling. In the event you do not satisfactorily comply with the terms hereof, the Commissioner will take what action is necessary to protect the interests of the trust of which this land is a part, and its beneficiaries.

Sincerely,

A handwritten signature in dark ink, appearing to read "Nicholas J. Black". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Nicholas J. Black  
Special Assistant Attorney General

NJB/lh





JIM BACA  
COMMISSIONER

State of New Mexico  
OFFICE OF THE  
Commissioner of Public Lands  
Santa Fe

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

CERTIFIED

NO. 49722

APRIL 19, 1991

W. S. Davenport  
P. O. Box 977  
Tatum, New Mexico 88267

RE: New Mexico Petroleum Co.  
Oil Treatment Plant Facility  
T11S, R34 E, Sec. 7, SW4SE4  
BL- 932

Dear Mr. Davenport:

As you know, you are the named lessee in the above-described lease which permitted certain state trust land to be used as part of an oil treatment facility. The operations of the facility ceased in 1990 and the land now must be reclaimed pursuant to the terms of the lease.

Mr. Jess Keeth, Roland Caudill and Michael Caudill, your successors, have failed to perform the reclamation obligation set forth in the lease. This provision requires removal of all improvements and the land be returned to the condition existing prior to placement of such improvements. We understand Mr. Keeth has removed all improvements but for the fencing and the waste material produced from the oil recovery operations.

Your failure, and that of your successors, to reclaim and restore the property constitutes a breach under the terms of the lease. Furthermore, we are concerned that the recent EPA regulatory changes may require treating the facility as a

W. S. Davenport

-2-

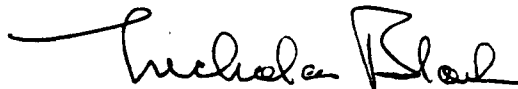
April 19, 1991

hazardous waste site, if benzene concentrations exceed certain levels. The Oil Conservation Division of Energy, Minerals and Natural Resources Department has advised that good quality groundwater exists in the area at approximately 30 feet.

Demand, therefore, is made upon you, to immediately undertake the performance of your reclamation and restoration obligations under the lease. The waste material and soil first must be tested to determine composition and whether any hazardous substance is present. Once this phase is completed satisfactorily, a proposed reclamation plan from a qualified environmental engineering firm shall be submitted for the Commissioner's approval, after which the diligent and timely restoration and reclamation action shall be taken.

Please contact the undersigned within seven (7) days from receipt of this letter to arrange for site testing and material sampling. In the event you do not satisfactorily comply with the terms hereof, the Commissioner will take what action is necessary to protect the interests of the trust of which this land is a part, and its beneficiaries.

Sincerely,



Nicholas J. Black  
Special Assistant Attorney General

NJB/lh



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

April 4, 1990

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

First Interstate Bank of  
Lea County  
P. O. Box 400  
Hobbs, New Mexico 88240

Re: \$25,000 Cash Treating Plant Bond  
Jess M. Keeth dba New Mexico  
Petroleum Company  
Bond No. OCD-022  
Your Certificate of Deposit No. 02-03980057679

Gentlemen:

As we advised Emma in your office on April 3, 1990, the principal under the above-referenced cash bond, and your depositor, Jess M. Keeth dba New Mexico Petroleum Company, has apparently abandoned the treating plant facility which was covered by this bond and has notified the State Land Office, as Lessor of the lands upon which the facility was situated, that he has no money and is unable to continue operations. The Land Office has further determined that all of the hard assets, including tanks and other equipment, has been removed from this facility but that there is substantial clean-up which may be required.

Your are therefore advised pursuant to the terms of the bond and the Assignment of Cash Collateral Deposit executed by Robert C. Dunn, Jr., Vice President of your institution, that under no circumstances are the funds presented by this certificate of deposit to be released to Mr. Keeth or anyone on his behalf until further notice by the OCD. It appears quite likely that the OCD will be initiating an action to require Mr. Keeth to clean up and restore the facility or forfeiture of the bond if the OCD is required to conduct such clean-up operations.

We will keep you advised of the situation and you will receive notice of any hearing which is conducted in this regard.

We appreciate your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert G. Stovall".

ROBERT G. STOVALL,



W.R. HUMPHRIES  
COMMISSIONER



## Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

June 2, 1989

TO: W. R. Humphries, Commissioner of Public Lands  
Santa Fe, New Mexico

FROM: Alex B. Fraley, Land Use Specialist *Alex B. Fraley*  
Hobbs, New Mexico

SUBJECT: Renewal of Business Lease No. BL-1143  
New Mexico Petroleum Company  
Assignment Received: February 17, 1989

### SYNOPSIS

New Mexico Petroleum Company does not want a renewal of this lease, however a check of the lease on May 30, 1989 revealed that some of the equipment has not been removed. The lease expires May 31, 1989. I recommend the lease be renewed for 6 months to allow time for the lease to be cleaned up and returned to original or near original condition.

### LEGAL DESCRIPTION

A tract of land located within the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 7, Township 11 South, Range 34 East, N.M.P.M., Lea County, New Mexico, containing 3.49 acres, more or less.

### LOCATION

This lease is located approximately 15 miles northwest of Tatum, New Mexico on U.S. Highway 380 and then north on County Road C-155.

### HIGHEST AND BEST USE

The highest and best use is the current business lease, however since the lessee does not want to renew, the land should eventually be returned to the grazing lease after grass has returned to normal condition. I see no potential for another business lease at this time.

### ESTIMATE OF VALUE

Surface value as rangeland is estimated at \$50.00 to \$75.00 per acre.

### IMPROVEMENTS

All improvements have been removed except 4-500 bbl. tanks and 2-1,000 bbl. tanks. These tanks should be removed within the next two weeks.

June 2, 1989

The open settling pit is still in place and contains oil as shown in photo.

REMARKS

Mr. Keeth is currently removing the improvements. He told me he had contacted the Oil Conservation Division about where to haul the oil from the settling pit and the O.C.D. had told him there was no place in Lea County at this time that would accept the oil for disposal. He does not know what to do with the pit.

He said the 6 remaining tanks should be moved out within a week to 10 days.

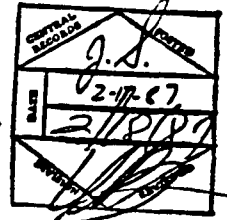
The fence around the lease site will be left in place until it is decided what to do with the oil.

ABF:bw

Enclosures



NEW MEXICO STATE LAND OFFICE  
ASSIGNMENT OF STATE BUSINESS LEASE



KNOW ALL MEN BY THESE PRESENTS:

Roland Caudill d/b/a

That New Mexico Petroleum Company, hereinafter called the assignor for and in

consideration of the sum of Ten & 00/100 Dollars

(State exact amount; if other than money, specify)

in hand paid, the receipt of which is hereby acknowledged, does hereby sell, assign,

transfer and set over unto Jess Keeth, hereinafter called the assignee,

that certain Business lease made and executed by the State of New Mexico,

through its Commissioner of Public Lands as Lessor, unto New Mexico Petroleum Company

as lessee bearing the date June 1, 1984, being designated as Business Lease

No. BL-1143, and more particularly described as follows:

A tract of land located within the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 7, Township 11 South, Range 34 East, N.M.P.M., Lea County, New Mexico, Containing 3.49 acres, more or less.

The Assignee agrees to assume all obligations of the Assignor to the State of New Mexico insofar as said described lands are concerned and to pay such rentals and to perform such acts as are required by said lease, to the same extent and in the same manner as if the terms and provisions of said lease were fully set out herein. It is further agreed that the Assignee shall succeed to all rights, benefits and privileges granted the Lessee by the terms of said lease.

The Assignor further states and affirms that the consideration recited above is the true and sole consideration paid or promised for the purchase of the improvements on the lands hereinabove described and for the execution of this assignment. It is further understood and agreed that in case it is found that the consideration recited above is not the true and sole consideration or that a false statement has been made in the procurement and approval of this assignment, the master lease or the portion thereof sought to be assigned, shall be subject to cancellation at the option of the Commissioner of Public Lands.

IN WITNESS WHEREOF, the Assignor has hereunto executed this assignment this 15th day of January, 19 87.

Roland Caudill  
ROLAND CAUDILL, Assignor d/b/a New Mexico Petroleum Company

SUBSCRIBED AND SWORN TO BEFORE ME THIS 15th DAY OF January, 19 87.

My Commission expires:

October 31, 1987

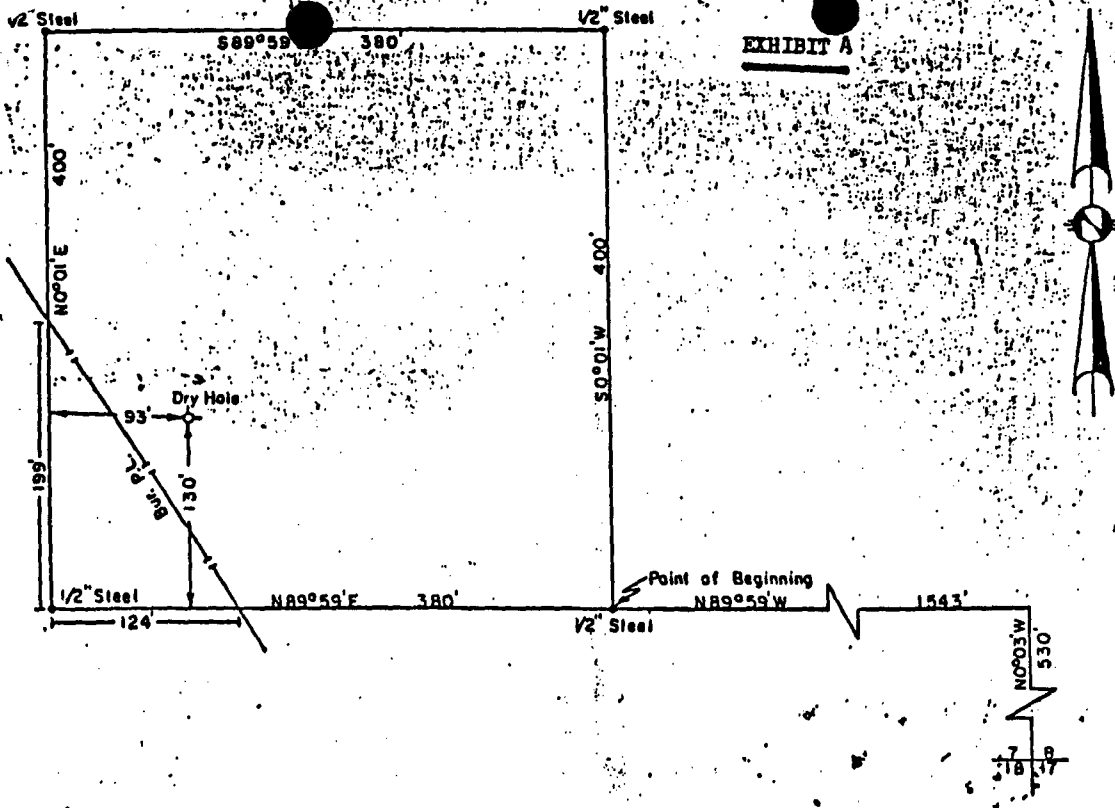
Terri Hewcomb  
Notary Public

APPROVED THIS 27th DAY OF January, 19 87.

W.R. Humphries  
COMMISSIONER OF PUBLIC LANDS

FEE - \$30.00

NMSLO 000 \*\*\*\*\*30.00 VAL JAN20/87 A



#### LEGAL DESCRIPTION

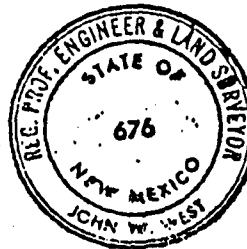
A TRACT OF LAND LOCATED IN THE SW $\frac{1}{4}$  SEC OF SECTION 7, TOWNSHIP 11 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT N0°03'W 530 FEET AND N89°59'W 1543 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 7, THENCE N89°59'E 380 FEET, THENCE N0°01'E 400 FEET, THENCE S89°59'E 380 FEET, THENCE S0°01'W 400 FEET TO THE POINT OF BEGINNING, CONTAINING 3.49 ACRES, MORE OR LESS.

RECEIVED

JAN 25 8 55 AM '77

STATE LAND OFFICE  
SANTA FE, N. M.



I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

*John W. West*  
JOHN W. WEST, N.M. P.E. & L.S. NO. 676  
TEXAS R.R.S. NO. 1158

#### NEW MEXICO PETROLEUM CO.

TRACT FOR STATE BUSINESS LEASE LOCATED IN THE SW $\frac{1}{4}$  SEC OF SECTION 7, TOWNSHIP 11 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO

JOHN W. WEST ENGINEERING COMPANY  
CONSULTING ENGINEERS HOBBS, NEW MEXICO

Scale 1"=100'	Drawn by M.C.T.
Date JUNE 22, 1970	Sheet 1 of 1 Sheets

E

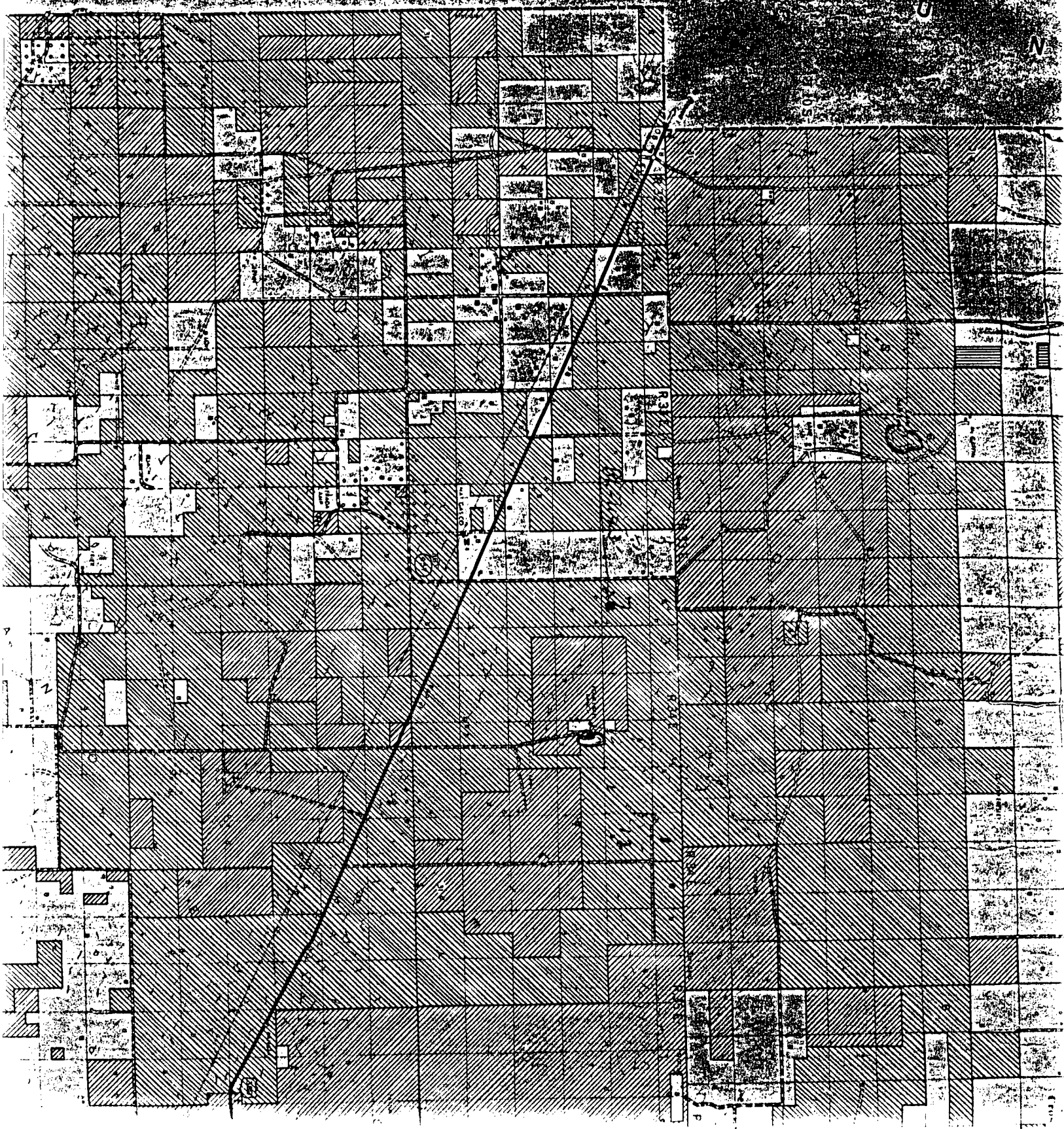
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RECEIVED

JUN 7 11 12 AM '89

WHITE LAND OFFICE  
MONTAÑA, N.H.



BL-1143





BL-1143



6/21/89 Notes of  
Boyer

NM Pac. Co.  
Mid-Platane Treater Plant  
SW SE Sect, 11S, 34E

Jess Keith Operator  
State Land, 88th  
PO 1388 Livingston  
Closures & Reclamation

- big new 4' deep pit <sup>trunk</sup> ~~new~~  
- Move BS into it, cement  
with plaster, & soil.

- Dig pit for solids -  
Tank insulation,  
Metal pieces, drums,  
Trash, pipe, etc.  
and cover.

- Reclamation and  
remove verms.

Remove  
- Fence ~~and~~ label?

- water well 1/4 mile North

State # 16051  
1830 East  
" " 7/11/34  
" " 7/11/34  
" " 7/11/34  
" " 7/11/34

DAVIS Gas Processing  
Cooling Tank Water Blanket  
8906211603 pH 3.7  
sp. conc 1750 @ 41°

100 only  
8906211612 Deep Water, well  
(East well) pH 3.7  
1750 @ 24°  
100 only  
(Sample empty tap by  
emptying out water of well)

Laguna tanks -  
8906221743

Sample of salt from water  
pH: dissolved with  
dissolved water to

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

January 20, 1987

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. Robert L. Love  
Attorney  
P. O. Box 1099  
Hobbs, New Mexico 88240

Re: \$25,000 Cash Treating Plant Bond  
Jess M. Keeth, Operator  
Bond No. OCD-022

Dear Mr. Love:

The Oil Conservation Division hereby approves your letter changing the name of operator on the above-referenced treating plant bond to Jess M. Keeth dba New Mexico Petroleum Company effective this date.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. LeMay".

WILLIAM J. LeMAY,  
Director

dr/

cc: Oil Conservation Division  
Hobbs, New Mexico

**ROBERT L. LOVE**

ATTORNEY AT LAW

P. O. BOX 1099

HOBBS, NEW MEXICO 88240

ROBERT L. LOVE, J.D., LL.M.

PHONE

461

January 16, 1987

Personal and Confidential

Mr. Mike Stegner, Hearing Officer  
New Mexico Oil Conservation Division  
Energy & Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

*Mike, we are sending  
this Personal & Con-  
fidential in the hopes  
it will get directly to  
you intact. Love*

Re: Jess M. Keeth d/b/a New Mexico Petroleum Company

Dear Mike:

Enclosed with this letter, please find the following:

1. Assignment of Cash Collateral Deposit
2. \$25,000.00 Cash Treating Plant Bond
3. Letter from First Interstate Bank of Lea County
4. Assignment of State Business Lease, together with \$30.00 Filing Fee.

It is my understanding that upon receipt of items 1, 2, and 3 above, the transfer of ownership can be completed.

Upon completion of this transfer and execution of the transfer by your department, I would appreciate very much your taking the Assignment of State Business Lease, together with the filing fee, to the appropriate office on the 1st Floor of the State Land Office. The State Business Lease Department is located in the southwest corner of the 1st Floor.

I appreciate very much the assistance and cooperation of your department in this matter.

Yours truly,

  
Robert L. Love

RLL/tn

Enclosure

*Agreement  
as of  
Jan 20, 1987*

NEW MEXICO OIL CONSERVATION DIVISION  
OF THE ENERGY & MINERALS DEPARTMENT

\$25,000.00 CASH TREATING PLANT BOND

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504

KNOW ALL MEN BY THESE PRESENTS:

New Mexico

That Jess M. Keeth d/b/a Petroleum Company (an individual)  
(~~partnership~~) ~~is a corporation organized in the State of~~  
with its principal office in the City of Lovington, State of New Mexico, and authorized to do business in the State of New Mexico), is held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy & Minerals Department in the sum of Twenty Five Thousand (\$25,000.00) Dollars lawful money of the United States.

The conditions of this obligation are such that:

The above principal has heretofore or may hereafter enter into the process of treating and reclaiming sediment oil in Section 7, Township 11 ~~XXXXXX~~ (South), Range 34 (East) ~~XXXXXX~~, N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, This \$25,000 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 Division of the Energy and Minerals Department, and upon clean-up of the plant site to standards of the Oil Conservation Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

The applicant has deposited on behalf of the Division \$25,000 (Twenty-five thousand dollars) in the manner indicated on the attachment to this bond, being the principal sum intended to be secured. Applicant pledges the sum as a guarantee that if its executors, assigns, heirs and administrators will abide by the Laws of the State of New Mexico and the Rules and Regulations of the Oil Conservation Division in operating the treating plant described herein, and that it will properly reclaim the plant site upon cessation of operations. If the applicant does not properly reclaim and restore the plant site, and otherwise abide by the Rules and Orders of the Oil Conservation Division, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the plant site. If the principal sum of the bond is less than the actual cost incurred by the Division in reclaiming the plant site, the Division may institute legal action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or any of them shall properly reclaim and restore the above-described treating plant site upon cessation of operations, and otherwise abide by the Rules and Orders of the Oil Conservation Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the applicant, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Signed and sealed this 2nd day of January, 19 87.

PRINCIPAL

Postal 1388  
Mailing Address

Louiglar NMA 188260

By \_\_\_\_\_  
Signature Title

By \_\_\_\_\_

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

(Note: Corporate surety affix corporate  
seal here.)

ACKNOWLEDGMENT FORM FOR NATURAL PERSONS

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 2<sup>nd</sup> day of January, 1987, before me personally appeared Tom M. Keith, to me known to be the person ~~person~~ 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.

June 18, 1981  
My Commission expires

Robert Lewis Love  
Notary Public

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known who, being by me duly sworn, did say that he is \_\_\_\_\_ of \_\_\_\_\_ 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.

My Commission expires

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By William J. Perry

Date \_\_\_\_\_

NEW MEXICO OIL CONSERVATION DIVISION  
OF THE ENERGY & MINERALS DEPARTMENT

\$25,000.00 CASH TREATING PLANT BOND

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504

KNOW ALL MEN BY THESE PRESENTS:

New Mexico

That Jess M. Keeth d/b/a Petroleum Companyan individual)  
(~~partnership~~) (~~a corporation organized in the State of~~)  
with its principal office in the City of Lovington, State of New Mexico, and authorized to do business in the State of New Mexico), is held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy & Minerals Department in the sum of Twenty Five Thousand (\$25,000.00) Dollars lawful money of the United States.

The conditions of this obligation are such that:

The above principal has heretofore or may hereafter enter into the process of treating and reclaiming sediment oil in Section 7, Township 11 ~~XXXXXX~~ (South), Range 34 (East) ~~XXXXXX~~, N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, This \$25,000 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 Division of the Energy and Minerals Department, and upon clean-up of the plant site to standards of the Oil Conservation Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

The applicant has deposited on behalf of the Division \$25,000 (Twenty-five thousand dollars) in the manner indicated on the attachment to this bond, being the principal sum intended to be secured. Applicant pledges the sum as a guarantee that if its executors, assigns, heirs and administrators will abide by the Laws of the State of New Mexico and the Rules and Regulations of the Oil Conservation Division in operating the treating plant described herein, and that it will properly reclaim the plant site upon cessation of operations. If the applicant does not properly reclaim and restore the plant site, and otherwise abide by the Rules and Orders of the Oil Conservation Division, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the plant site. If the principal sum of the bond is less than the actual cost incurred by the Division in reclaiming the plant site, the Division may institute legal action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or any of them shall properly reclaim and restore the above-described treating plant site upon cessation of operations, and otherwise abide by the Rules and Orders of the Oil Conservation Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the applicant, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Signed and sealed this 2nd day of January, 19 87.

PRINCIPAL

Postal 1388  
Mailing Address

By \_\_\_\_\_  
Signature Title

By \_\_\_\_\_

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

(Note: Corporate surety affix corporate  
seal here.)





First Interstate Bank  
of Lea County  
New Mexico Bank Office  
P.O. Box 400  
Hobbs, New Mexico 88240  
505 397-4511

January 15, 1987

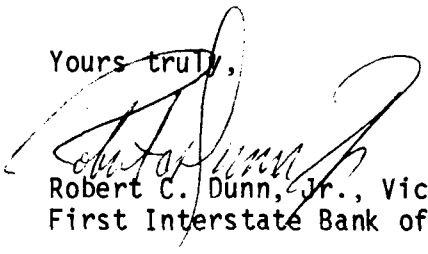
Mr. Mike Stegner, Hearing Officer  
New Mexico Oil Conservation Division  
Energy & Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Jess M. Keeth d/b/a New Mexico Petroleum Company

Dear Mr. Stegner:

This letter is notification that the Cash Treating Plant Bond executed on the 2nd day of January, 1987, correctly reflects Jess M. Keeth d/b/a New Mexico Petroleum Company as the "owner" therein referred to.

Yours truly,



Robert C. Dunn, Jr., Vice President  
First Interstate Bank of Lea County

RCD/tn

001-022  
Adopted 9-1-86

ASSIGNMENT OF CASH COLLATERAL DEPOSIT  
for TREATING PLANT BOND

(Must be a federally-insured bank or savings institution  
authorized to do business in New Mexico)

Date January 2, 1987

Pursuant to Rule 312 of the Rules of the Oil Conservation Division, or successor provisions, Jess M. Keeth d/b/a New Mexico Petroleum Company hereinafter referred to as "owner") of Box 1388, Lovington, NM 88260 (address) has deposited with the First Interstate Bank of Lea (name of state or national bank or savings association) of Box 1477, Lovington, NM 88260 (address) (herein termed

financial institution), the sum of \$25,000.00 dollars in Certificate of Deposit or savings account No. 02-03980057679. Owner hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy and Minerals Department or successor agency of the State of New Mexico. Owner and the financial institution agree that as to the deposited sum or fund:

- a. The funds deposited pursuant to the terms of this Agreement are to serve as a cash bond covering a treating plant operated by owner.
- b. The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale of the treating plant covered by this agreement.
- c. Owner retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- d. The financial institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Owner agrees that the financial institution may deduct from interest due owner any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from operator's business is made upon the financial institution.

Jess M. Keeth  
Signature of Owner,  
Personally or by Authorized Officer

Title

Robert C. Dunn, Jr.  
Signature of Authorized Officer of  
Financial Institution

Robert C. Dunn, Jr.  
Vice President

Title

STATE OF NEW MEXICO  
COUNTY OF Lea ) ss.

On this 2nd day of January, 19 87 before me personally appeared Jess M. Keeth and Robert C. Dunn, Jr., to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that they executed the same as 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.

My Commission expires:

9/8/90

Karen Gobble  
NOTARY PUBLIC - Karen Gobble

OIL CONSERVATION DIVISION

Charles E. Lyle 1/9/87  
Acting Director



STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

GARREY CARPENTERS  
GOVERNOR

January 6, 1987

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE NEW MEXICO 87501  
(505) 827-5800

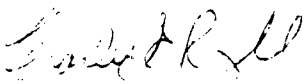
Mr. Jess M. Keeth  
P. O. Box 1388  
Lovington, New Mexico 88260

Re: \$25,000 Cash Treating Plant Bond  
Jess M. Keeth, Operator  
Bond No. OCD-022

Dear Mr. Keeth:

The Oil Conservation Division hereby approves the above-captioned treating plant bond effective January 5, 1987.

Sincerely,

  
CHARLES E. ROYBAL,  
Acting Director

dr/

cc: Oil Conservation Division  
Hobbs, New Mexico

**ROBERT L. LOVE**

ATTORNEY AT LAW

P. O. BOX 1099

HOBBS, NEW MEXICO 88240

OK  
9/10  
1-5-87

PHONE  
(505) 397-7461

ROBERT L. LOVE, J.D., LL.M.

January 2, 1987

Personal and Confidential:

Mr. Jeff Taylor  
Oil Conservation Division  
Energy & Minerals Department  
State of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico 87504-2088

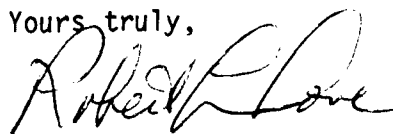
Re: New Mexico Petroleum Co.  
Transfer of Ownership

Dear Mr. Taylor:

Enclosed please find the Assignment of Cash Collateral Deposit and Cash Treating Plant Bond fully executed on both sides on behalf of Mr. Jess M. Keeth, the Purchaser, and First Interstate Bank of Lea County, Lovington, New Mexico.

I look forward to meeting you on Wednesday at the hearing.

Yours truly,



Robert L. Love

RLL/tn

Enclosure: as stated.

10/10/8

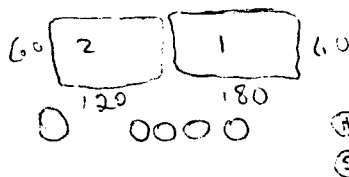
New Mexico Petro. Co.  
 Middlelane Treater Plant  
 (O) SW/4 SE/4 7-11-34  
 N

⊗ NW  
 1/4 mile

Pit 10 2 ft deep, 4 ft dia BS+O.I.  
 caliche bottom

Pit 16 3 ft deep, 4 ft dia with  
 at BS+O.I.  
 caliche bottom

1/4 mile



E

P  
 1/3/34

- (1) Pits are caliche
- (2) 2 pits 60 x 180  
 60 x 120
- (3) BS+O.I. Tant Bottom
- (4) Unit 0 7-11-34
- (5) C+O construction have  
 purchased this facility.  
 Tatum W. M.

CHARLES  
WHITED

**C & O SERVICES, INC.**

ORVILLE  
WHITED

New Mexico Petroleum  
(Subsidiary of C+O Serv.)

Middle Lane Heating Plant

SW $\frac{1}{4}$ /SE $\frac{1}{4}$  - S-7 - T-11-S - R-34-E

OK  
Has Been Ref'd

**C & O SERVICES, INC.**

TATUM

PHONE (505) 398-8355

NEW  
MEXICO

