

CASE 7497: PARABO, INC. FOR AN OIL  
TREATING PLANT PERMIT, LEA COUNTY, NEW  
MEXICO

Cont to map #1  
and map #2.  
SW/4 of Sec 29  
not filed

DOCKET MAILED

Date 2/19/82  
3/19/82

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

3 March 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Parabo, Inc.  
for an oil treatment plant permit,  
Lea County, New Mexico.

CASE  
7497

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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

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I N D E X

ROBERT WALLACH

Direct Examination by Mr. Richards	3
Cross Examination by Mr. Nutter	4

E X H I B I T S

Applicant Exhibit One, Testimony	3
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MR. NUTTER: We'll call next Case Number 7497.

MR. PEARCE: Application of Parabo, Inc. for an oil treatment plant permit, Lea County, New Mexico.

MR. RICHARDS: May it please the Commission, I'm R. E. Richards, Attorney at Law, Hobbs, New Mexico. I represent the applicant and I have one witness who needs to be sworn.

(Witness sworn.)

ROBERT WALLACH

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. RICHARDS:

Q May it please the Hearing Examiner?

MR. NUTTER: Yes, sir.

Q Mr. Wallach, I hand you what's been marked for identification as Exhibit Number One. Can you tell the Commission -- the Examiner what that is?

A It's my direct testimony on the proposal of a treatment plant.

Q Do you have any additions, deletions, or corrections you wish to make to that testimony?

A Yes, sir. I would like to add the location of the plant as being on the southwest quarter of Section 29, Township 21 South, Range 38 East.

Q Is that in Lea County, New Mexico?

A Lea County, New Mexico.

Q Is it also the site of a salt water -- a previously permitted salt water disposal operation?

A Yes, sir, it is.

Q Do you have any other additions or corrections?

A No, sir.

MR. RICHARDS: May it please the Hearing Examiner, I move the introduction of Exhibit One as Mr. Wallach's direct testimony, and tender the witness for cross examination.

MR. NUTTER: Haven't had time to read his direct yet.

You said that the location was the southwest quarter of Section 29. I believe the application was for the southeast quarter of Section 29.

MR. RICHARDS: That may well be my error, Mr. Nutter, and I will plead guilty if it is.

1  
2 MR. NUTTER: No, the application says  
3 the southwest quarter.

4 The docket says the southeast quarter.

5 MR. RICHARDS: As far as I know, the  
6 southwest quarter is correct.

7 MR. NUTTER: Southwest quarter, yeah,  
8 we'd better check the ad.

9 The docket may have the error; the ad  
10 may be correct.

11 MR. RICHARDS: The fact of the matter,  
12 Mr. Nutter, and on the record, the entire section is owned  
13 by the applicant or affiliated interests herein.

14 MR. NUTTER: Right, I realize they own  
15 quite a bit of land right around that.

16 MR. RICHARDS: Yes, sir.

17 MR. NUTTER: Yeah, the ad for this case  
18 was the southeast. That error was in the ad for the case.  
19 We will have to continue the case and readvertise it and  
20 will hold any order until such time.

21 In the meantime, Mr. Wallach, we may  
22 have some questions on this direct testimony. If we do,  
23 we'll get in touch with you.

24 A Okay.

25 MR. NUTTER: For explanation and how

1  
2 you're going to be reporting some of this recovered oil.

3           A           Yes, sir.

4           MR. NUTTER: And so forth.

5                       And in the meantime, we will take the  
6 case under advisement and we'll readvertise it. We will  
7 readvertise the case for March 31st.

8           MR. RICHARDS: Mr. Hearing Examiner --

9           MR. NUTTER: For the location of the  
10 proposed treating plant.

11                      MR. RICHARDS: Mr. Hearing Examiner, in  
12 light of the fact it will need to be readvertised, I'd like  
13 to ask that notice be required of any intent to protest or  
14 intervene, and that absent any protest, that the attorney  
15 and the representative of the applicant attendance be waived.

16                      MR. NUTTER: Well, in the event someone  
17 should come in and protest it, we would continue it to such  
18 time as you would be notified of the hearing.

19                      MR. RICHARDS: If that's satisfactory,  
20 I would appreciate it.

21                      MR. NUTTER: Right. I doubt if anyone  
22 will show up if they didn't show up today, but just for  
23 procedure sake, we'll have to reopen the case.

24           MR. RICHARDS: Yes, sir.

25           MR. NUTTER: Your attendance here will

1  
2 not be necessary that date, and if opposition appears, we'll  
3 make them wait until you've shown up.

4 MR. RICHARDS: All right. Thank you.  
5 May we be excused?

6 MR. NUTTER: With that, we'll take the  
7 case -- we've continued the case till March the 31st for  
8 readvertising and you may be excused.

9  
10 (Hearing concluded.)  
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion Division was reported by me; that the said transcript  
is a full, true, and correct record of the hearing, prepared  
by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Executive Hearing of Case No. 7497,  
heard by me on 3/3 1982.

[Signature], Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(305) 827-2434

April 15, 1982

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

Re: CASE NO. 7497  
ORDER NO. R-694U

Applicant:

Parabo, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	X
Artesia OCD	X
Aztec OCD	

Other \_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7497  
Order No. R-6940

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 31, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of April, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Parabo, Inc., seeks authority to construct and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the SW/4 of Section 29, Township 21 South, Range 38 East, NMPM, Lea County, New Mexico, for the processing of approximately 1500 barrels per day of raw material from tank bottoms, disposal water, and waste pits.
- (3) That dikes, dams and/or emergency pits should be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location in order that sediment oil, reclaimed oil, or waste oil cannot escape from the immediate vicinity of such plant.
- (4) That the proposed plant and method of processing will efficiently process, treat, and reclaim the aforementioned waste oil, thereby salvaging oil which would otherwise be wasted.

-2-  
Case No. 7497  
Order No. R-6940

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

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Parabo, Inc., is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the SW/4 of Section 29, Township 21 South, Range 38 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms, waste pits and disposal water.

PROVIDED HOWEVER, that the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Division;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations and orders of the Oil Conservation Division.

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

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

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

(5) That the Director of the Division may administratively grant authority for the expansion or

-3-

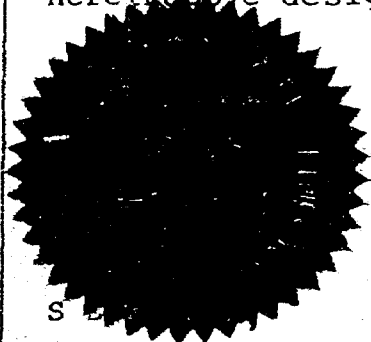
Case No. 7497

Order No. R-6940

modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rules and Regulations.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY,  
Director

BEFORE THE ENERGY AND MINERALS DEPARTMENT,  
OIL CONSERVATION DIVISION OF THE STATE OF NEW MEXICO

APPLICATION OF PARABO, INC.  
FOR A TREATING PLANT PERMIT.

DOCKET NO. 7497

DIRECT TESTIMONY

of

ROBERT RAY WALLACH

LAW OFFICES OF R. E. RICHARDS  
Post Office Box 761  
Hobbs, New Mexico 88240  
ATTORNEYS FOR APPLICANT.

EXH 1

DIRECT TESTIMONY OF ROBERT RAY WALLACH:

Q:

Please state your full name.

A:

Robert Ray Wallach.

Q:

Where do you live, Mr. Wallach?

A:

I live at 1027 Nambé, Hobbs, New Mexico 88240. Home phone 392-7477. Business phone 392-5008.

Q:

Are you employed by Parabo, Inc.?

A:

Yes.

Q:

In what capacity?

A:

I am the Operations Manager for Parabo, Inc., and in that capacity I am responsible for the overall supervision and control of the receipt and treatment of production brine prior to its surface disposal and the operation of an oil treating plant.

SW/4 29 T215 R38E

Q:

Is Parabo, Inc., the applicant in this docket for a permit from the Oil Conservation Division of the Energy and Minerals Department for an oil treating plant permit?

A:

Yes.

Q:

Please describe the operation proposed for the treatment of materials brought to Parabo, Inc., which require a Form C-117A.

A:

It is my understanding that Form C-117A is required for what is described under the Division Rules as sediment oil and miscellaneous hydrocarbons which include tank bottoms from leases as well as those occurring at pipeline stations, crude oil storage terminals, refineries and pipeline brake oil catching in traps, drips, or scrubbers and any other liquid hydrocarbon which is not lease crude or condensate.

We propose to process the materials by utilization of a 1,000 barrel tank and an auxillary 500 barrel tank.

Upon the arrival at the plant of a load requiring a permit we will first determine the volume of the load

and place an equivalent of 1 gallon per 100 barrels of emulsion breaker into the 1,000 barrel tank and the equivalent of 5 gallons of soap per 100 barrels of fluid, i.e., a 140 barrel load would have 1.4 gallons of emulsion breaker and 7 gallons of soap. The load is then pumped off into the top of the 1,000 barrel tank. This is repeated with each load requiring a C-117A permit until the 1,000 barrel tank is full. We will then switch to the totally separate 500 barrel tank where the process will be identical. The 1,000 barrel tank or the 500 barrel tank, whichever is being used, will be permitted to settle out with the benefit of the emulsion breaker and soap action. The light oils move to the top of the tank with an interface with basic sediment and water (BSW) below them. Below the BSW in a rather indistinct interface is a layer of water. On the very bottom of the tank we find the solids primarily iron sulfides, sand and other grit which fall by gravity to the bottom of the tank. This settling process takes a period of 48 to 72 hours, depending upon the ambient air temperature. Because there is a decrease vertically in the oil content in all materials in the 1,000/500 barrel treating tanks, we propose by utilizing an electric pump, to

transfer all material containing 40% or more of marketable hydrocarbons to our production brine disposal tanks where they are injected at the bottom of the tank under pressure and actually flushed under high pressure through the brine. The determination of the amount of material to be transferred is made by thiefing the 1,000/500 barrel treating tanks from the top down and grinding out each sample until the 40% level is reached. The injection and flushing process through the brine disposal tanks results in a significant improvement in the amount of marketable oil, which then rises to the top of those tanks. This is subsequently floated off to an oil sales tank.

The brine water which underlays the area of BSW containing less than 40% oil is pumped off to the production brine disposal facility and treated as other production brine received which do not require Form C-117A. The BSW is sold to other secondary treating plants for additional thermal treating to recover additional amounts of marketable hydrocarbons.

Q:

How do you propose to account for the oil which is brought to you under the C-117A permits?

A:

It is my understanding that the C-117A's will be

required for those things I have described in a previous answer and will come to us with a shake out or ground sample report. Since we will sell from the same tank in our production brine disposal operation all materials which have come from the treating plant, we will, for audit purposes at the end of each month, allocate the oil sold based upon the ratio shown on the C-117A's to the total volume from hot oilers and production brine. The demonstrated hydrocarbon content of the material sold to thermal oil treating plants will, by virtue of the grind out or shake out required prior to their transportation, also be used to show to the extent possible the disposition of all quantities of hydrocarbons shown as received under various Form C-117A's.

Q:

Mr. Wallach, would the operation which you have described constitute an efficient processing, treating and reclaiming of sediment oil?

A:

Yes, although it is not the total reclamation of all sediment oil from the material received by us, it is an efficient and cost effective method of recovering a substantial portion of it with additional portions

being recoverable by the traditional thermal treating  
plant methods.

Dockets Nos. 10-82 and 11-82 are tentatively set for April 14 and April 28, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 31, 1982  
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Starets, Alternate Examiner:

CASE 7469: (Continued from March 3, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H. M. Bailey & Associates, Commercial Union Insurance Company, and all other interested parties to appear and show cause why the following wells on the H. M. Bailey Lease, Township 21 South, Range 1 West, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program: In Section 10: Nos. 9 in Unit A, 9, 11, 12, and 13 in Unit B, 10 and 14 in Unit C; and No. 15 in Unit C of Section 9.

CASE 7497: (Continued and Readvertised)

Application of Parabo, Inc. for an oil treatment plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the SW/4 of Section 29, Township 21 South, Range 38 East.

CASE 7516: Application of Benson-Montin-Greer for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Canada Ojitos Unit Area, comprising 12,361 acres, more or less, of Jicarilla Apache Indian lands in Township 27 North, Range 1 West.

CASE 7517: Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1450 feet from the South line and 1400 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the NE/4 SW/4 of said Section 15 to be dedicated to the well.

CASE 7518: Application of Consolidated Oil & Gas Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the perforated interval from 8688 feet to 8856 feet in its Midway State Well No. 1, located in Section 8, Township 17 South, Range 37 East, Midway-Abo Pool.

CASE 7519: Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Menafee Oil Pool to provide for wells to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7510: (Continued from March 16, 1982, Examiner Hearing)

Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Penn formations underlying the N/2 of Section 10, Township 22 South, Range 32 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7511: (Continued from March 16, 1982, Examiner Hearing)

Application of Buffton Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Devonian formations underlying the W/2 of Section 35, Township 16 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7520: Application of Lewis B. Burleson Inc. for compulsory pooling and a non-standard proration and spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Pool underlying a 160-acre non-standard proration unit comprising the NW/4 of Section 15, Township 24 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7521: Application of William B. Barnhill for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the South and West lines of Section 35, Township 19 South, Range 25 East, Permo-Penn, Strawn, Atoka and Morrow formations, the S/2 of said Section 35 to be dedicated to the well.

CASE 7522: Application of Santa Fe Exploration Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the North and West lines of Section 14, Township 20 South, Range 25 East, Permo-Penn, Strawn, Atoka and Morrow formations, the N/2 of said Section 14 to be dedicated to the well.

CASE 7523: Application of Robert N. Enfield for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the E/2 of Section 18, Township 19 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North and East lines of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7524 THRU 7535: Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 12 cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7524: SE/4 Section 2, Township 5 South, Range 24 East

CASE 7525: SW/4 Section 3, Township 5 South, Range 24 East

CASE 7526: NW/4 Section 3, Township 5 South, Range 24 East

CASE 7527: SE/4 Section 3, Township 5 South, Range 24 East

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7530: NW/4 Section 11, Township 6 South, Range 24 East

CASE 7531: SW/4 Section 11, Township 6 South, Range 24 East

CASE 7532: SE/4 Section 27, Township 6 South, Range 24 East

CASE 7533: SW/4 Section 27, Township 6 South, Range 24 East

CASE 7534: NW/4 Section 34, Township 6 South, Range 24 East

CASE 7535: SW/4 Section 17, Township 6 South, Range 25 East

CASE 7515: (Continued and Readvertised)

Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Ranges 12 and 13 West, Township 28 North, Range 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

Dockets Nos. 8-82 and 9-82 are tentatively set for March 16 and March 31, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 3, 1982

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

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In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H. M. Bailey & Associates, Commercial Union Insurance Company, and all other interested parties to appear and show cause why the following wells on the H. M. Bailey Lease, Township 21 South, Range 1 West, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program: In Section 10: Nos. 9 in Unit A, 9, 11, 12, and 13 in Unit B, 10 and 14 in Unit C; and No. 15 in Unit C of Section 9.

CASE 7494: Application of Bass Enterprises Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Humble City Unit Area, comprising 800 acres, more or less, of State lands in Township 17 South, Range 37 East.

CASE 7495: Application of Culf Oil Corporation for simultaneous dedication and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a previously approved 320-acre non-standard Euzont proration unit comprising the E/2 of Section 25, Township 19 South, Range 36 East, to its Graham State Wells Nos. 8 in Unit J and 9 at an unorthodox location 990 feet from the North line and 1980 feet from the East line of said Section 25.

CASE 7496: Application of Viking Petroleum, Inc. for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Abo gas well to be drilled 62 feet from the South line and 1984 feet from the East line of Section 29, Township 5 South, Range 24 East, the SE/4 of said Section to be dedicated to the well.

CASE 7476: (Continued from February 3, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation, underlying two 160-acre gas spacing units, being the NE/4 and SE/4, respectively, of Section 12, Township 5 South, Range 24 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 7497: Application of Parabo, Inc. for an oil treatment plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the SE/4 of Section 29, Township 21 South, Range 38 East.

CASE 7458: (Continued from January 6, 1982, Examiner Hearing)

Application of Marks & Garner Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Bough C formation in the perforated interval from 9596 feet to 9616 feet in its Betenbough Well No. 2, located in Unit M of Section 12, Township 9 South, Range 35 East.

CASE 7498: Application of Dwayne E. Hamilton for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Devonian formations underlying the S/2 of Section 5, Township 16 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

Page 2

Examiner Hearing - WEDNESDAY - MARCH 3, 1982

CASE 7499: Application of Amoco Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Devonian formations underlying the S/2 of Section 3, Township 23 South, Range 34 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7073: (Continued from February 17, 1982, Examiner Hearing)

In the matter of Case 7073 being reopened pursuant to the provisions of Order No. R-6558, which order promulgated special rules for the South Elkins-Fusselman Pool in Chaves County, including provisions for 80-acre spacing units and a limiting gas-oil ratio of 1000 to one. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units with a limiting gas-oil ratio of 2000 to one.

CASE 7074: (Continued from February 17, 1982, Examiner Hearing)

In the matter of Case 7074 being reopened pursuant to the provisions of Orders Nos. R-6565 and R-6565-B, which created the South Elkins-Fusselman Gas Pool in Chaves County. All interested parties may appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is determined that said pool is producing from a retrograde gas condensate reservoir.

CASE 7500: Application of Read & Stevens, Inc. for an exception to the maximum allowable base price provisions of the New Mexico Natural Gas Pricing Act, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order of the Division prescribing the price allowed for production enhancement gas under Section 107 of the Natural Gas Policy Act as the maximum allowable base price if production enhancement work which qualifies under the NGPA is performed on its Hackberry Hills Unit Well No. 4 located in Section 22, Township 22 South, Range 26 East, Eddy County, New Mexico.

CASE 7485: (Continued from February 17, 1982, Examiner Hearing)

Application of Berge Exploration for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying two 160-acre proration units, the first being the NW/4 and the second being the SW/4 of Section 27, Township 7 South, Range 26 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 7501: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Eddy and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Caprock-Wolfcamp Pool. The discovery well is The Petroleum Corporation Landlady Well No. 1 located in Unit J of Section 8, Township 12 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM  
Section 8: SE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Morrow production and designated as the Feather-Morrow Pool. The discovery well is the Santa Fe Energy Company State UTP Well No. 1 located in Unit J of Section 21, Township 15 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM  
Section 21: SE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo Reef production and designated as the Garrett-Abo Reef Pool. The discovery well is the Marathon Oil Company Delmont L. Hatfield Well No. 1 located in Unit J of Section 23, Township 16 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM  
Section 23: SE/4

Page 3

Examiner Hearing - WEDNESDAY - MARCH 3, 1982

(d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn and Atoka production and designated as the Pronghorn Strawn-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Pronghorn Unit Well No. 1 located in Unit G of Section 6, Township 23 South, Range 33 East, NMPM. Said Pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM  
Section 6: N/2

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Paddock production and designated as the Skaggs-Paddock Pool. The discovery well is the Conoco Inc. SEMU Burger Well No. 107 located in Unit J of Section 19, Township 20 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 19: SE/4

(f) EXTEND the Angell Ranch Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM  
Section 2: S/2  
Section 11: N/2

(g) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 26: E/2 NW/4 and E/2 SW/4

(h) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM  
Section 18: S/2

(i) EXTEND the Boyd-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
Section 3: E/2

(j) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
Section 14: S/2 SW/4  
Section 23: N/2 N/2  
Section 24: S/2 NW/4 and NE/4 NW/4

(k) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM  
Section 36: S/2

(l) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM  
Section 10: W/2  
Section 15: W/2

(m) EXTEND the Dark Canyon-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM  
Section 31: N/2

Page 4

Examiner Hearing - WEDNESDAY - MARCH 3, 1982

- (n) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 12: E/2

TOWNSHIP 21 SOUTH, RANGE 38 EAST, NMPM  
Section 7: NW/4

- (o) EXTEND the North Eidson-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 6: Lots 3, 4, 5, 6, 11, 12, 13, 14, and SW/4

- (p) EXTEND the Happy Valley-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM  
Section 20: S/2

- (q) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 29: NW/4 SW/4

- (r) EXTEND the Hobbs-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM  
Section 34: W/2

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM  
Section 3: NW/4

- (s) EXTEND the Jalmat Yates-Seven Rivers Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM  
Section 26: NE/4

- (t) EXTEND the South Kernitz Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM  
Section 30: W/2

- (u) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 20: E/2  
Section 21: All  
Section 22: S/2  
Section 27: All  
Section 28: All  
Section 29: All

- (v) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 7: SW/4

- (w) EXTEND the North Lusk-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 35: All

Page 5  
Examiner Hearing - WEDNESDAY - MARCH 3, 1982

- (x) EXTEND the Oil Center-Glorieta Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM  
Section 11: NW/4

- (y) EXTEND the San Simon-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM  
Section 5: NW/4

- (z) EXTEND the Sand Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM  
Section 26: All

- (aa) EXTEND the Tomahawk-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM  
Section 6: SW/4  
Section 7: NW/4

- (bb) EXTEND the Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM  
Section 12: S/2 SE/4

- (cc) EXTEND the Tulk-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM  
Section 35: SW/4

- (dd) EXTEND the Turkey Track-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 22: SE/4 SW/4

- (ee) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 8: S/2  
Section 9: W/2

Law Offices of  
R. E. RICHARDS

R. E. RICHARDS  
LAWRENCE D. HANNA

(505) 393-7737  
119 North Dalmont  
P. O. Box 761  
Hobbs, New Mexico 88240

February 10, 1982

*Case 7497*

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


Application of Parabo, Inc.,  
for a Treating Plant Permit

Dear Joe:

I enclose herewith Application. Thank you.

Very truly yours,

LAW OFFICES OF R. E. RICHARDS

  
R. E. RICHARDS

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

BEFORE THE ENERGY AND MINERALS DEPARTMENT,  
OIL CONSERVATION DIVISION OF THE STATE OF NEW MEXICO

APPLICATION OF PARABO, INC.  
FOR A TREATING PLANT PERMIT.

DOCKET NO. 7497

A P P L I C A T I O N

COMES NOW, Parabo, Inc., by and through its attorney, R. E. Richards, and moves the Division for an Order approving the operation by applicant of a treating plant, and in support thereof, states:

1. That applicant has been under the authority of Order R-5516, as amended, operating a production brine disposal facility, all as more clearly shown in those Orders which are incorporated herein by reference as if fully set forth herein.

2. That in the scope and course of said operation, applicant is periodically tendered materials commonly called "hot oiler unit blow downs, basic sediment and water, tank bottoms, and other miscellaneous hydrocarbons" as they are defined in Rule 311 of the Division's Rules and Regulations, as amended and effective February 1, 1982.

3. That pursuant to Rule 312 of the Division's Rules and Regulations, as amended and effective February 1, 1982, prior to continued operation regarding those materials described in paragraph 2 hereof in conformity with its prior

operations, applicant is required to seek a treating plant permit; and that such desire is the purpose and intent of this application.

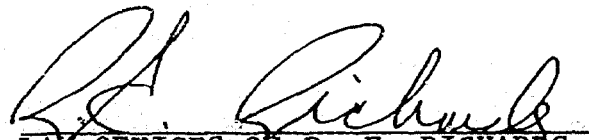
4. That in prior operations (which have been terminated pending approval of this application), such materials when tendered have been deposited into a 1,000 barrel tank and thereafter treated with chemicals and/or hot oil to free marketable hydrocarbons therefrom; that when said oil is broken out from the brine and other materials, it is floated off at the 12' 0" elevation through a 4" pipeline to a 300 barrel oil storage tank, where thereafter more treatment by way of chemicals and/or hot oil is applied in an effort to further segregate the marketable hydrocarbons from any production brine; and that after such treatments have been performed, the material remaining in the 1,000 barrel tank, which has been demonstrated to have less than 50% by volume of marketable hydrocarbons, is sold or otherwise disposed of to an oil processing plant.

5. That the aforementioned operation is located at the site of the Parabo, Inc., facility in the Southwest quarter of Section 29, Township 21 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and has a capacity of 1,000 barrels per cycle.

6. That the proposed plant and method of processing will and does efficiently process, treat, and reclaim marketable hydrocarbons in conformity with Rule 312.

7. That the Division should, pursuant to the requirements of Rule 312, set this application for hearing and after hearing grant to applicant a permit to operate a treating plant pursuant to the Rules and Regulations of the Division; and that applicant is by this application acknowledging the restrictions and requirements placed upon it by said Rule and the duties incumbent thereto, with all of which it agrees to comply.

WHEREFORE, premises considered, applicant prays the Division enter its Order in conformity with the allegations hereof and Order and authorize the granting of a treating plant to applicant.

  
LAW OFFICES OF R. E. RICHARDS  
Post Office Box 761  
Hobbs, New Mexico 88240  
Attorneys for Applicant.

~~GRACE~~  
DIANE

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

Roll

*[Signature]*

CASE NO. 7497

Order No. R-6940

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

*m.s.* *[Signature]*  
*WOP*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on <sup>March 31</sup>~~March 3~~, 1982,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <sup>April</sup> day of ~~March~~, 1982, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

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

(2) That the applicant, Parabo, Inc., seeks authority to construct and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the <sup>SW/4</sup> ~~SE/4~~ of Section 29, Township 21 South, Range 38 East, NMPM, Lea County, New Mexico, for the processing of approximately 1500 barrels per day of raw material from tank bottoms, disposal water, and waste pits.

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

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

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

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Parabo, Inc., is hereby authorized

to install and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the <sup>Southern</sup> SE/4 of Section 29, Township 21 South, Range 38 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms, waste pits and disposal water.

PROVIDED HOWEVER, that the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Division;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations and orders of the Oil Conservation Division.

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

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

(4) That the disposal of waste water accumulated in

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

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

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

JOE D. RAMEY,  
Director

S E A L