

CASE 3762: Appli. of SHANNICK OIL
COMPANY for authority to operate
an oil treating plant, Lea County

Case Number

3762

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3762
Order No. R-3423

APPLICATION OF SHANNICK OIL COMPANY
FOR AUTHORITY TO OPERATE AN OIL TREATING
PLANT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 16, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 29th day of May, 1968, the Commission, a
quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Shannick Oil Company, seeks per-
mission to construct and operate an oil treating plant to be
located in the SW/4 SW/4 SW/4 of Section 19, Township 9 South,
Range 35 East, NMPM, Lea County, New Mexico, for the purpose of
treating and reclaiming oil catchings collected in salt water
disposal systems, drip, and scrubber oil.

(3) 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.

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

-2-

CASE No. 3762
Order No. R-3423

IT IS THEREFORE ORDERED:

(1) That the applicant, Shannick Oil Company, is hereby authorized to operate an oil treating plant to be located in the SW/4 SW/4 SW/4 of Section 19, Township 9 South, Range 35 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming oil catchings collected in salt water disposal systems, drip, and scrubber oil;

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 Commission;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Commission 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 Commission of New Mexico.

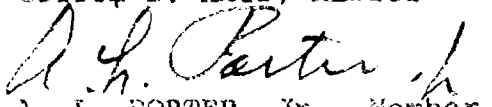
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

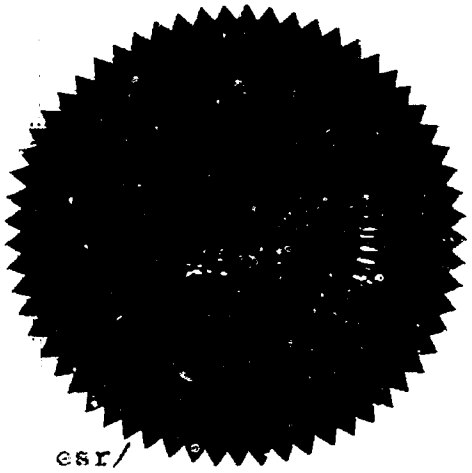
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


A. L. PORTER, Jr., Member & Secretary



CSR/

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

May 29, 1968

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 3774
Order No. 3762 R-3422 & R-3423
Applicant:
Ernest A. Hanson &
Shannick Oil Co.

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC
Other _____

Case 3762

Heard 5-16-68

Rec. 5-18-68.

Grant Shannicks oil Co.
permission to build & operate
a waste oil treating plant
to be located in SWSW SW sec.
19-25-35E (4 mi. west of Crossroad)

Shannicks shall comply with
all commission rules pertaining
to treating plants.

Thos. C. Mc

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

APPLICATION OF SHANNICK OIL
COMPANY FOR APPROVAL OF AN
OIL TREATING PLANT, LEA
COUNTY, NEW MEXICO

Case 3762

A P P L I C A T I O N

Comes now SHANNICK OIL COMPANY and applies to the Oil Conservation Commission of New Mexico for approval of the installation of an oil treating plant, and in support thereof would show the Commission:

1. Applicant proposes to install an oil treating plant in the State of New Mexico, to be located approximately four to five miles west of Crossroads, New Mexico.

2. The plant will be a combination chemical and hot water wash treatment plant, consisting of approximately four 500 barrel receiving tanks, and one 750 barrel treater tank with 500 barrels of water heated by a heater connected to the treater tank. Thermal heating system will be used from heater to heater. Adequate storage tanks will be provided for holding the treated oil prior to delivery into the pipeline, the number and capacity of such storage tanks to depend upon the volume of material purchased and capacity of the pipeline.

3. It is anticipated that the proposed installation will handle fluids at the rate of twenty-five barrels per hour. The untreated oil will be moved from the receiving tanks, through a circulating pump to the treater tank, proper chemical being added at the pump. In the case of heavily emulsified fluids which will not reduce to pipeline specifications on the first treatment, the fluids will be recirculated.

4. Applicant is presently operating a similar

installation in the State of Texas, and has had approximately eight years experience in this type of oil treatment.

5. Oil and condensate for the operation of the plant will be purchased from various gasoline plants and salt water disposal wells and salt water disposal systems. Material will be handled regardless of the percentage of basic sediment, and sediment oil will be treated.

WHEREFORE, Applicant prays that this application be set for hearing before the Commission or its duly appointed examiner, and that after notice and hearing the Commission issue its order authorizing the installation of a treating plant, as requested, together with authority to purchase, transport, treat and sell oil, condensate, and sediment oil, and ordering the issuances of such permits and authority as may be required for the operation of such plant.

Upon approval of this application, Applicant undertakes and agrees to post such bonds as may be required by the Commission.

Respectfully submitted,

SHANNICK OIL COMPANY

BY: Robert W. Kellahin
KELLAHIN & FOX
Post Office Box 1769
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 16, 1968
EXAMINER HEARING

IN THE MATTER OF:

Application of Shannick Oil
Company for authority to operate
an oil treating plant, Lea County,
New Mexico.

Case 3762

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3762.

MR. HATCH: Case 3762, Application of Shannick Oil Company for authority to operate an oil treating plant, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, Santa Fe, appearing for the Applicant. I have one witness I would like to have sworn, please.

(Witness sworn)

(Whereupon, Applicant's Exhibits 1 through 3 marked for identification)

MR. UTZ: Are there other appearances? You may proceed.

EMORY SHANNON

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Emory Shannon.

Q By whom are you employed?

A By the Shannick Oil Company.

Q What is your position with Shannick Oil Company?

A I am president of the company.

Q Have you ever testified before the Oil Conservation Commission?

A No, I haven't.

Q For the benefit of the Examiner, Mr. Shannon, would you give your qualifications in the field of operation of treating plants and similar work?

A Well, I've been in the oil field all my life. The past ten years I have been operating a similar plant to this out of Andrews, Texas.

Q Is it a plant of comparable size?

A Very similar, yes, in size and scope.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: Yes, sir.

Q Mr. Shannon, what does Shannick Oil Company propose in the application in Case Number 3762?

A We propose to purchase the available condensate and oil from gasoline plants and from salt water disposal wells that will not meet -- that does and does not meet pipeline specifications and treat the material to where it will pipeline.

Q For that purpose do you propose to locate a treating plant within the State of New Mexico?

A Yes, four miles west of Crossroads.

Q Referring to what has been marked as Exhibit No. 1, would you identify that exhibit, please?

A The plant will be located in the southwest corner of the southwest quarter of the southwest quarter of the southwest quarter of Section 19, Township 35, Range 9 East -- 35 East, Range 9 South.

Q Now, is that shown on Exhibit No. 1?

A That is. It's four miles just west of Crossroads, New Mexico.

Q Is Exhibit No. 1 a plat showing the county lines, the highways and the location of your proposed plant?

A That does.

Q Does it show any other information?

A It includes the area in which we will serve, the local vicinity there; the reason that the plant is necessary at that area, the Cities Service plant located up east and south of Milnesand with approximately four compressor stations located in the area. They are identified as C-1,2,3 and 4 on the map and are in green and the Warren Petroleum Plant east of Tatum identified in red was the old Sinclair plant east of Tatum and their present compressor stations are identified where we shall pick up material.

MR. UTZ: Would you give me the specific location and the section of your plant again, please?

A It's the southwest, southwest, southwest, Section 19, Township 35 East, Range 9 South.

Q Is that located adjacent to a highway?

A Yes, it's right off a blacktop highway C-170 I believe. I didn't identify that but it's off of a blacktop road.

Q Have you acquired the surface rights to install your treating plant at that point?

A I have, yes.

Q Now, referring to what has been marked as Exhibit No. 2, would you identify that exhibit, please?

A Exhibit No. 2 is a map of Rice Engineering and Operating Incorporated, salt water disposal wells located in Texas and New Mexico; there is some 23 of those wells and we will be gathering the material there that does not meet -- all those wells, incidentally, are connected to a pipeline connection and the material one per cent or better BS and W will be pipelined and we will purchase the material over the pipeline and reduce it to pipeline specifications.

Q Primarily you will be picking up material that will not meet pipeline specifications and treat it and then

market it yourself, is that your operation?

A That's right.

Q How will you transport this material?

A Through our own trucks, we will pick it up from the locations and they will notify our personnel when they have a load of material, at what location, and we'll pick it up and bring it into our plant.

Q In connection with your operation, do you buy the material at the point of delivery?

A Yes.

Q How do you determine then how much oil you are purchasing?

A We have run a shape W similar to a pipeline company. If it's ten per cent BS&W that part is deducted from the gross. We buy on that basis only. A run ticket is left at the plant whenever we pick up a load of oil. That determines the amount of material we have --

Q How will you move the material then from your plant to the pipeline?

A Through pipeline connections, Mobil Pipeline have a --

Q You will have a connection right at the plant?

A Yes.

Q And it will be sold as your own product?

A That's right, we will sell some material, some material maybe that if we do acquire any too rough to make pipeline specs out of it we can dispose of it to drilling rigs for drilling mud purposes. Occasionally that's happened but seldom.

Q Now, Mr. Shannon, would you now refer to Exhibit No. 3 and outline the type of treating plant you propose to install and the method of operation that you will use in running that plant?

A Several reasons for the location here at this area, it's in a vicinity of good supply. It has the necessary components, we have gas available for fuel, we have electricity, we have a pipeline connection, we have a paved road. Referring to this, we have one unloading station there to unload all of our material. We have attempted to identify the sour crude, sour and sweet, sweet is intermediate, not actually sweet, but roustabout terms it's sour and sweet. We've attempted to identify the sour with red and the sweet in green. We have actually two receiving tanks, High 500-barrel for sour crude, we have two receiving tanks, High 500-barrel for sweet crude. We'll have a circulating type pump that will pick this oil from a selected tank, run it through

a 750-barrel treater tank which is connected to a heater and it is heated through thermal lines, thermal syphoned and the sweet crude will go then into the two 500-barrel tanks identified in green -- the sour will and the sweet will go in the green tanks.

Q In the application you state that you propose to install a chemical and hot water wash oil treating plant. Is that this type of plant?

A That's this type of plant. The chemical is introduced just ahead of the circulating pump and it goes through the complete cycle, through the treater tank.

Q What is the chemical, what is the purpose of it?

A It will reduce any material. We have the type of emulsification in that it will tend to separate your water and your solids from the oil. The hot water will reduce the viscosity of the oil to the point that it makes it easier to treat.

Q Now, the heating is done through circulating hot water, is that correct?

A Thermal syphoned, thermal heater. We have no direct contact with our material to the heater tubes themselves. We don't burn the material at skin temperatures

which is pretty rough treatment on some of the sour crude. It's a cheaper way of treating all oil, a combination heater-treater, but some of the sour crude that parafin is burned on the skin temperature and it makes it impossible to treat.

MR. UTZ: In other words, this is a form of a heat exchanger, run your crude through tubes surrounded by hot water?

A No, the oil goes through a spreader bar in the bottom of our heater -- treater tank, and it is broken up into as small particles as possible and in the process of washing to the top the heavier the solids and water is kept at the bottom. We do have a salt water tank down there that any water that comes in with the material is dumped into this tank and then disposed of.

MR. UTZ: Sour crude percolates up through the hot water?

A Yes, it goes up through the hot water. We have no tubes in the tank, just a spreader bar at the bottom. The thermal line will come on to the center of the tank.

MR. UTZ: And this is chemically treated before it goes through the water?

A Chemical is introduced just ahead of the -- on

the suction side of the circulating pump.

MR. UTZ: What chemical did you say you use?

A There is several good. You have to have your oil analyzed and sometimes have to change but there is several good chemicals on the market.

MR. UTZ: Basically what is the tradename?

A Treatalite.

Q (By Mr. Kellahin) Now, will this be an automatic operation, Mr. Shannon?

A Yes, it will be automatic to the extent that we have the overflow connections on top. We've tried to take care of all human error but I'm sure we won't have them all eliminated, but in case -- they will operate the valves which switch out of a certain tank into a certain tank manually and we have, if they close out of a tank and forget to open into a tank we have the overflow line which will reverse the oil back over and run it out on the ground, but it's not like a Lach unit, it's manually operated.

Q Will you have an attendant there?

A Every day that we have material to treat, yes.

Q Every day the plant is in operation?

A That's right.

Q Will the plant be in operation when the attendant

is not present?

A Yes, he can set the plant. He won't have to stay with it. It will be driven by electric motor and he can set a time clock and shut it down.

Q But he will be checking it daily?

A Oh, yes.

Q And you say you have some safety factors as to the overflow. Is there any possibility of any oil running out on the ground in case he doesn't show up?

A We have attempted to take care of all of those. Just a hole come in the tank is about the only thing and our treater tank will be plastic-coated from the bottom and all the sides, not the top section. All the other tanks will be treated bottom and eighteen inches up, plastic-coated. The heater tubes and inside will be plastic-coated.

Q Now, is this the same type of installation you operated in Texas?

A It is, just a slight change in the design but otherwise the same.

Q Have you found that to be a successful system --

A Very successful.

Q What will be the capacity of this plant?

A The capacity will vary with the gravity of the

material used. The rate of input will be 25 barrels. We will set our pump to handle 25 barrels per hour of fluid and 95 to 98 per cent of the material this plant receives will treat out the first time through. Any that doesn't, if we do run into some real severe material we will have to recirculate it.

Q You will be normally able to operate at about 25 barrels an hour?

A That's true.

Q There will be quite a little byproduct of water and other materials, will there not?

A Yes, periodically. The water we find comes in just in spurts. We'll get maybe operate for two or three months without any water accumulation and then we'll get considerable water because it's easier to separate your water through the plant than it is to attempt to draw it off by any other method.

Q Now, how will you dispose of that water?

A This water will be disposed of into this salt water disposal well. It will come off of our treater tank into this low 500-barrel salt water tank which will be plastic-coated inside and it will be trucked to the salt water disposal wells.

Q Have you made arrangements to dispose of your water in that fashion?

A I haven't completed that part of it but I can.

Q You have no question that you can?

A No question about that.

Q Now, in your opinion, will this type efficiently process, treat and reclean sediment oil?

A It certainly will.

Q Rule No. 312-A of the Commission's Rules requires you to post a ten thousand dollar bond before you commence operations. Will you post that bond?

A Certainly will.

Q And the same rule in Subsection C requires you to file a monthly report to support the C-104 form for the net oil recovered and sold during the preceding month. Will you be able to supply that information accurately?

A Yes, very definitely.

MR. UTZ: That's C-118, right?

MR. KELLAHIN: C-118, yes, sir.

Q And the same rule requires you to notify the operator of each lease from which you remove sediment oil of the amount of pipeline oil recovered. Will you be able to do that?

A Yes, as I understand that, now mainly that's a combination order applying to tank bottoms mainly but in this case we will leave a run ticket and our total material that we receive from each of the points will be individually identified. We'll make one check to the company for the total oil purchased, say, from Rice Engineering or -- but the amount of oil that we pick up from each of their stations will be identified.

Q So they could account for it on the same basis as they presently account for any production from that point, is that true?

A That's right.

Q Were Exhibits 1 through 3 prepared by you or under your supervision?

A I prepared them, yes.

MR. KELLAHIN: At this time I will offer Exhibits 1,2, and 3.

MR. UTZ: Without objection, Exhibits 1,2, and 3 will be entered into the record of this case.

Q Do you have anything further you would like to add to the testimony?

A I can't think of anything right now.

MR. KELLAHIN: That completes our Direct

Examination, Mr. Utz.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Shannon, you spell your last name S-h-a-n-n-o-n?

A That's right.

Q I was trying to figure out why you call your company Shannick.

A Well, it's a combination Nickels and Shannon.

Q Now, in regard to keeping your pickups identified, will you pickup several leases in one truckload?

A No, sir, the operator of the plants or salt water disposal wells will notify us when and where they have a load to be picked up and in each case they have a tank sufficient size to hold a truckload and we will go to that point, pick it up, leave a run ticket, and leave a copy of the run ticket at that point and return to our plant with it.

Q There will be no commingling of different points?

A No, sir, that's right.

Q Now, the oil that you will pick up will be from salt water disposal units and where else?

A Salt water disposal units, gasoline plants and their compressor stations that they have in the field, you know,

anymore their lines are so long to utilize the full value of their lines they set compressors at various points and they have a scrubber to knock out the fluid ahead of those compressors before the gas goes through the compressor.

Q You will pick up no oil from lease units?

A None, we have no purchase from any leases as such.

Q Now, on your Exhibit No. 3 the heater that you show off to the upper lefthand side, that is a gas-fired heater?

A Yes.

Q How far will that set from your tanks?

A It's about 35 feet.

Q Is that far enough to eliminate any --

A If you will notice the diagram there the gas accumulation from the top of all of the tanks, including the heater-treater tank is connected and vented at the northeast part, completely away from all the fire.

Q No chance of any spillage of oil that might tend to burn?

A If it is, see, it will be down here at our loading at the lower righthand side of that plant there. Now, we intend in our drainage to level our tank settings

with a grade to the east and we will have a little reservoir, a tank even with plastic coating can develop a leak and we will not dig a pit but we will in place of just letting it go every direction, we will induce it to go to one point where it can be picked up, but like I say, we are going to plastic coat each of the tanks, the heater and the treater will both be plastic coated to the top.

Q So that your drainage will be -- that is, will the heater be on the same plane as your tanks?

A Yes.

Q And there will be nothing but hot water going through your heater?

A That's true, nothing but hot water through the heater.

Q So you will have water, hot water over there and you run your hot water and then the oil percolates up through your heating tank? How do you take the oil off the top?

A Just a flow line, just similar to the lease operation, comes off there and over to -- all the tanks are connected.

Q Flows into your storage tanks as shown on the bottom part of your diagram?

A That's true. I have three lines at the bottom part, I have two pipelines, one sour crude and one sweet crude and the one in black right jammed up against the tank is the flow line from the treater tank over to the stock tanks.

Q So you will either be treating sour crude or sweet crude in batches?

A That's true. Now, we are not able to do that in Texas because it's commingled before we get it, we have no control over it, but here it is isolated and all we have to do is keep it separated, so we can take a little price advantage there.

Q And the oil is pumped by your electric motor and pumped from your storage tanks to your treating tank?

A That's true.

Q And the chemical is -- enters your stream at the pump?

A Yes, on the suction side of the pump. It's well distributed at that point. All of our tanks will be hooked up to that pump, if you will notice the diagram, every tank at the bottom we can pump out of any of the receiving tanks or stock tanks.

Q Your treating tank is a vented tank, is that right?

A They are all vented.

Q So that there's no pressure?

A No pressure involved.

MR. UTZ: Are there other questions of the witness? Witness may be excused.

(Witness excused)

MR. UTZ: Statements? Case will be taken under advisement.

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, KAY EMBREE, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 24th day of May, 1968.

Kay Embree
 NOTARY PUBLIC

My Commission Expires:

November 19, 1971

I hereby certify that the foregoing is a true and correct record of the hearing of Case No. 3762, held on May 16, 1968.
Theresa J. [Signature]
 The New Mexico Oil Conservation Commission

DOCKET: EXAMINER HEARING - THURSDAY - MAY 16, 1968

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3760: Application of Union Oil Company of California for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of water produced in the South Vacuum-Devonian Pool into the Devonian formation in the interval from 12,000 feet to 12,180 feet in its John Trigg Lea Federal J Well No. 2 located in Unit P of Section 14, Township 18 South, Range 35 East, Reeves-Devonian Pool, Lea County, New Mexico.

CASE 3761: Application of Harlan Production Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Etz-State Well No. 15 at an unorthodox location 1650 feet from the North line and 1325 feet from the West line of Section 16, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 3762: Application of Shannick Oil Company for authority to operate an oil treating plant, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to install a combination chemical and hot-water wash oil treating plant, said plant to be located approximately four miles West of Crossroads, New Mexico, and to purchase, transport, treat, and sell oil, condensate, and sediment oil in connection with the operation of said plant.

CASE 3763: Application of Pan American Petroleum Corporation for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Dakota formation in the interval from 712 feet to 715 feet in its USG Section 18 Well No. 28, located in Unit C of Section 18, and/or in the interval from 757 feet to 762 feet in its USG Section 19 Well No. 24 located in Unit C of Section 19, both in Township 29 North, Range 16 West, Hogback-Dakota Pool, San Juan County, New Mexico.

- CASE 3764: Application of Pan American Petroleum Corporation for lease commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Dakota oil production from its Navajo Tribal USG Section 19 (A) and its Navajo Tribal USG Section 18 (B) leases in Sections 18 and 19 of Township 29 North, Range 16 West, Hogback-Dakota Oil Pool, San Juan County, New Mexico, allocating the production to each lease on the basis of periodic well tests even though there is a difference in over-riding royalty interests between Sections 18 and 19.
- CASE 3765: Application of D. J. Simmons for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his General Petroleum-Rock Island Well No. 2 at a point 1850 feet from the North line and 810 feet from the West line of Section 24, Township 29 North, Range 9 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, in exception to the pool rules which require locations to be in either the Northeast or Southwest of the Section.
- CASE 3766: Application of Tamarack Petroleum Company, Inc., for an amendment to Order No. R-3396, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3396, which authorized a waterflood project in its South Pearl Queen Unit Area, Pearl Queen Pool, Lea County, New Mexico, to delete the water injection wells previously authorized in Unit B of Section 3, Units G and L of Section 4, Unit I of Section 5, and Unit C of Section 10, and to authorize for water injection its Saunders Federal Well No. 7 in Unit P of Section 5 and its Saunders Federal Well No. 3 in Unit D of Section 10, all in Township 20 South, Range 35 East.
- CASE 3767: Application of Mobil Oil Corporation for lease commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Grayburg-San Andres production from its Bridges State Wells Nos. 8 and 53 located in Units J and H, respectively, of Section 23, with Grayburg-Jackson production from its Bridges State Lease comprising the W/2 of Section 24, all in Township 17South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, allocating the production on the basis of periodic well tests, even though there is a

difference in over-riding royalty interest between Sections 23 and 24.

CASE 3768: Application of Mobil Oil Corporation for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its Bridges State Well No. 126 located in Unit J of Section 11, Township 17 South, Range 34 East, Lea County, New Mexico, in such a manner as to produce oil from the Abo, Upper Pennsylvanian, and Morrow formations, Vacuum Field, through parallel strings of tubing.

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
54½ EAST SAN FRANCISCO STREET
POST OFFICE BOX 1789
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

April 23, 1968

Case 3762

Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Gentlemen:

Enclosed is the application of Shannick Oil Company
for approval of the installation of an oil treating
plant.

It is requested that this application be set for
hearing before the Commissioner's examiner at the
May 22nd hearing.

Yours very truly,

Jason W. Kellahin

JASON W. KELLAHIN

jwk:peg
Enc.

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Date

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OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

LEGAL DIVISION

PHONE 827-2741

April 11, 1968

Case 3762

C
O
P
V
Shannick Oil Company
P. O. Box 1119
Andrews, Texas 79714

Attention: Mr. E. E. Shannon

Re: Oil Treating Plant

Gentlemen:

In response to your letter of April 9, 1968, I am enclosing copies of Commission Rules 311, 312, 313, and 314 that you should find helpful.

If you will, to the best of your ability, send the Commission further information concerning the location, type, and capacity of the plant contemplated, the matter will be set for hearing.

The Commission will allow a person to represent himself in a hearing without the aid of legal counsel. However, most applicants have found it to be to their advantage to have the assistance of legal counsel.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/esr
Enclosures

Shannick Oil Company

POST OFFICE BOX 1114
ANDREWS, TEXAS - 79714

April 9, 1968

11 APR 11 1968

Mr. Pete Porter
New Mexico Oil Conservation Commission
Land Office Building
Santa Fe, New Mexico

Dear Mr. Porter:

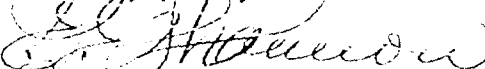
I would like to make an appointment with you for a hearing on the approval of our application for a permit to do business in Lea, Chaves, Roosevelt, and Eddy Counties in New Mexico.

We would like to have permission to purchase oil, condensate etc., from various gasoline plants and salt water disposal wells. We plan to install the necessary treating plant equipment, including storage tanks, to clean this material to meet pipe line specifications. We will purchase this material regardless of the per cent of basic sediment, operate our own trucks, and employ local labor where possible to handle this operation.

We have been in this business in Texas for the past eight years. Many of our customers are operating in both states and we would like the opportunity to serve them in New Mexico also. I would consider it a favor if you would check our operations in Texas. We file the T-1 form with the Railroad Commission. Our number is 2624. We are proud of the reputation we have established and will make every effort to carry it over into New Mexico.

Please advise if it is necessary for me to have legal counsel at this hearing. Thank you for your consideration.

Sincerely yours,


C. M. Shannon