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2 STATE OF NEW MEXICO
3 ENERGY AND MINERALS DEPARTMENT
4 OIL CONSERVATION DIVISION
5 STATE LAND OFFICE BUILDING
6 SANTA FE, NEW MEXICO

7 16 April 1986

8 EXAMINER HEARING

9 IN THE MATTER OF:

10 The hearing called by the Oil Conser- CASE
11 vation Division on its own motion to 8871
12 Veno Energy and other interested
13 parties to appear and show cause why
14 their authority under Order No. R-
15 7596 should not be cancelled.

16 BEFORE: David R. Catanach, Examiner

17
18 TRANSCRIPT OF HEARING

19
20 A P P E A R A N C E S

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22 For the Oil Conservation Division: Jeff Taylor
23 Legal Counsel to the Division
24 Oil Conservation Division
25 State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

JERRY SEXTON

Direct Examination by Mr. Taylor	4
Cross Examination by Mr. Catanach	7

E X H I B I T S

Division Exhibit One, Inventory	5
Division Exhibit Two, Photos	5
Division Exhibit Three, Letter	5

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MR. CATANACH: Call next Case 8871. In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Veno Enegy and other interested parties to appear and show cause why their authority under R-7596 to operate an oil treating plant located in the northwest quarter of the northeast quarter of Section 23, Township 23 South, -- I mean, pardon me, Township 16 South, Range 35 East, Lea County, New Mexico should not be cancelled and why the site of such plant should not be reclaimed.

Are there appearances in this case?

MR. TAYLOR: May it please the Examiner, my name is Jeff Taylor, Counsel for the Division. I have one witness to be sworn.

MR. CATANACH: Are there other appearances?

Will the witness please stand and be sworn in?

(Witness sworn.)

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JERRY SEXTON,

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being called as a witness and being duly sworn upon his

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oath, testified as follows, to-wit:

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DIRECT EXAMINATION

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BY MR. TAYLOR:

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Q

Would you please state your name, by whom

9

you're employed, and in what capacity?

10

A

Jerry Sexton with the Oil Conservation

11

Division, District Supervisor in Hobbs.

12

Q

And have you previously testified before

13

the Division or its examiners and had your credentials ac-

14

cepted?

15

A

Yes.

16

MR. TAYLOR: Mr. Examiner, I

17

tender the witness as an expert.

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MR. CATANACH: He is considered

19

qualified.

20

Q

Mr. Sexton, would you please state the

21

purpose of Case 8871?

22

A

The bonding company has requested release

23

of the bond that Veno Treating Plant had for their opera-

24

tions. Veno is no longer in business but they do have mat-

25

erial on the tank -- tanks at the location of their previous

1 business. Since the bonding company would like to be re-
2 leased of it, the District feels like the site should be
3 cleaned up before the bond is released and so we requested
4 this hearing to have the -- present evidence that there is
5 equipment still on the lease and a clean-up should be done.

6 Q So essentially we need an order requiring
7 them to clean up the site.

8 A Yes.

9 Q Would you please identify Exhibit One for
10 the examiner and explain what it is?

11 A Exhibit One is an inventory of the equip-
12 ment as of April 3rd, 1986, and equipment consists of five
13 500 barrel tanks, bolted walkways on two tanks; a 4x20
14 heater-treater; 200 gallon propane tank; pile of assorted
15 metals and several barrels and assorted equipment around the
16 site area; and one 250 barrel junk tank.

17 Q Would you now identify Exhibit Two for
18 the examiner and explain what it depicts?

19 A Exhibit Two are pictures of the facility
20 site showing the equipment and the site condition.

21 Q And please identify Exhibit Three and ex-
22 plain what it is.

23 A Exhibit Three is a letter from the land-
24 owner who the site is on requesting that before the bond be
25 released that the equipment be removed and the site cleaned

1 up.

2 Q And prior to -- the bond that we have --
3 strike that prior to -- the bond that we have on this site
4 is conditioned upon -- it's release is conditioned upon
5 compliance with the rules, regulations, and orders of the
6 Division, is it not?

7 A Yes.

8 Q And you, in this case all you desire is
9 an order that the site be cleaned so the bond can be re-
10 leased.

11 A Right. If necessary, we'd like to be
12 able to remove the tanks and then, if we have to, go back to
13 the bonding if there's any excess or mixed -- have some way
14 of cleaning the site, and we would like this done before the
15 bond is released.

16 Q So if the owner of these tanks does not
17 move them, you wish the order to give them a certain amount
18 of time to remove the tanks and equipment and if they don't,
19 we can execute on the bond and use the money to take care of
20 it?

21 A Yes.

22 Q Do you have anything further in this
23 case?

24 A No.

25 Q Were Exhibits One, Two, and Three pre-

1 pared by you or under your supervision and control?

2 A Yes.

3 MR. TAYLOR: Mr. Examiner, I'd
4 move the admission of Exhibits One, Two, and Three, and
5 that's all we have in this matter.

6 MR. CATANACH: Exhibits One
7 through Three will be admitted into evidence.

8

9

CROSS EXAMINATION

10 BY MR. CATANACH:

11 Q Mr. Sexton, did you have any success
12 trying to locate the operator, locate Veno Energy?

13 A Yes. We've talked to them several times.
14 They were in the office the other day.

15 There is a problem. They have sold the
16 tanks but the people they've sold the tanks to are appar-
17 ently now out of business, so it falls back on them and the
18 landowner. With the current price of equipment, it's prob-
19 ably just about a break-even proposition for them to move
20 it.

21 They have indicated they will move it but
22 since we only have 60 days to work on them for the bond to
23 be released, we thought we needed this in case they did not
24 move them.

25

MR. CATANACH: I see.

1 Is there anything further in
2 Case 8871?
3 If not, it will be taken under
4 advisement.

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6 (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 Conservation Division (Commission) 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 Examiner hearing of Case No. 8871,
heard by me on April 16, 1986.

David Cataract, Examiner
Oil Conservation Division