

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

26 August 1987

EXAMINER HEARING

IN THE MATTER OF:

Application of Jamar, Inc., for an CASE
oil treating plant permit, Lea County, 9199
New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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MR. CATANACH: Call next Case
Numer 9199.

MR. TAYLOR: The application of
Jamar, Inc., for an oil treating plant permit, Lea County,
New Mexico.

MR. CATANACH: Are there ap-
pearances in this case?

MR. ROBINSON: Mr. Catanach and
Mr. Taylor, I'm Charlie Robinson and I'm without representa-
tion of an attorney this morning. He's tied up in Hobbs,
and I'll probably have to be sworn in.

(Witness sown.)

MR. ROBINSON: First of all,
let me present you with an affidavit here that the attorney
prepared and sent up for this purpose.

The only thing that I'll call
your attention to on that there, it states that a bond is
attached hereto and it is not attached and it's still pend-
ing from a firm out of Albuquerque.

My name is Charles A. Robinson,
Junior.

I live -- I reside at 2620 No.

1 Albertson in Hobbs, New Mexico. I have lived there since
2 1950 and was in the local banking business there for approx-
3 imately 28 years and my son and I have been reclaiming and
4 treating oil under another -- at another installation there
5 under another authorization for the past year and a half,
6 and I've become a little bit acquainted with the -- with
7 that type of business.

8 My son, Andy, is -- he was pre-
9 viously employed by Oil Processing, Incorporated, for approx-
10 imately four years treating and processing waste oil.

11 This -- the plant location that
12 we are requesting construction of, in fact it is already
13 constructed. It's the old Oil Processing plant that was lo-
14 cated three miles south of Monument in Section 8, Township
15 20 South, Range 37 East, and it's about, like I said, three
16 miles south of Monument, about a quarter mile west of State
17 Road No. 8, and if you -- you're probably acquainted where
18 Monument is located, so I don't know if I need to tell you
19 that or not.

20 MR. CATANACH: I've been to the
21 plant, yes, sir.

22 MR. ROBINSON: Okay. Well,
23 good, you know what we're talking about then. The installa-
24 tion is already there and we're just requesting authoriza-
25 tion to do some additional construction, move some tanks,

1 whatever, and to open it back up to where a chemical and
2 heat treating plant and we expect primarily to use steam
3 heat and brine water and on very few occasions a little -- a
4 few chemicals.

5 We'll have two 1000-barrel
6 treating tanks which will be treated by steam and it will be
7 generated by 100 to 125 horsepower boiler that will be, the
8 steam will be going through 2-inch coils in a closed system
9 through the tanks and back into the boiler.

10 The design capacity of the
11 plant is approximately 6000 barrels per month and this
12 appears to be the most efficient and profitable way to do
13 this reclamation of the waste oil.

14 That plat is in that affidavit
15 under Exhibit One. It will show you where the location is,
16 the USGS plat.

17 Exhibit Two, which will be the
18 other copy will show the plant layout. The plant area
19 covers approximately 3-1/4 acres. It is fenced. The
20 nearest dwelling is approximately 2 miles distance. There
21 is a fence that parallels State Road 8 and a cattleguard is
22 located on the axis road just off State Road 8.

23 And we are about, like I said
24 earlier, about a quarter of a mile west of that road.

25 If you'll refer to the exhibit

1 there, showing the plant layout, it shows the location of
2 the boiler. We do have a water well on the site, which will
3 furnish the fresh water to the boiler, as well as other
4 plant facilities, for personal consumption, and whatever.

5 There are no pits on the site
6 or no dikes and none are contemplated at this time. We have
7 recently cleaned up the fenced area from the previous
8 operation. Now that's just, like I said, and I'll stress
9 that point, in the fenced area, and all of the tanks here in
10 the center will be hooked up with -- with lines where we can
11 transfer fluid in and out of these tanks and from one to the
12 other.

13 The ones on the outside edge
14 close to the fence are storage tanks and hopefully,
15 eventually, we will hook them in.

16 Our waste water will be
17 disposed through a disposal line that Rice Engineering has
18 on the site there that the previous operation used or it
19 will be hauled to an approved disposal site. Our
20 unmerchantable solids will be hauled to an approved disposal
21 site.

22 A surety bond in the amount of
23 \$25,000 has been applied for and is still pending at this
24 time. It's a little hard to make all these things coincide
25 and get -- get all at once but hopefully, we should receive

1 approval on that today.

2 The plant site and surrounding
3 land is owned by a Mr. Jimmy T. Cooper, who is a local ran-
4 cher there and has been there for a number of years. We
5 will be leasing the site and equipment from Mr. Cooper and
6 the reason I point that out, I think one of the requirements
7 was that the -- written notice be given the owners of the
8 surface of the plant site and an area within one-half mile.
9 He owns all of this and we -- he has been notified per that
10 agreement.

11 The -- we intend to follow,
12 naturally, all the rules and regulations and laws of the
13 State of New Mexico, as well as this Commission, and make
14 the proper monthly reportings and accept all forms of mater-
15 ials into the plant and material going out, so at this point
16 I'm open for any questions.

17 MR. CATANACH: Okay. To brief-
18 ly go over, Mr. Robinson, I see the layout of the plant and
19 I don't see the -- how the plant is going to operate. Where
20 -- where is your incoming water, incoming fluid?

21 MR. ROBINSON: Our incoming
22 fluid will -- I'm not sure if I understand the question or
23 not. Do you mean the product or material that we'll be
24 treating?

25 MR. CATANACH: Yes, sir.

1 MR. ROBINSON: Okay. We'll put
2 it in our treating tanks.

3 MR. CATANACH: The two 1000-
4 barrel tanks.

5 MR. ROBINSON: Yes, T-1 and T-
6 2, or T-2.

7 MR. CATANACH: Now it will be
8 processed in those tanks --

9 MR. ROBINSON: Yes, sir.

10 MR. CATANACH: -- and separated.

11 MR. ROBINSON: It will -- it
12 depends on -- on what the material consists of but on an
13 average you can probably look at three or four days after
14 you get those treating tanks heated up for it to settle out,
15 and at that time, once we -- it settles out, we will pull
16 the bottom off. We will have valves every foot up from the
17 bottom of the treating tanks so that we can get a test on it
18 to see if it's merchantable oil, sellable oil, and we'll
19 pull the bottoms off either by the pump or by a vac truck,
20 vacuum truck that we have.

21 At that point we will, when we
22 find where the oil is that's sellable, how much we've got in
23 there, we will use these two pumps to transfer it out to --
24 through an overhead line into the sale tanks, which are --
25 well be S-1, 2, 3, 4, or 5. And at that time that's where

1 the trucks will come in, pick it up, and take it, buy it
2 from us.

3 MR. CATANACH: All right. Your
4 waste water, does that go to a disposal well? Is that the
5 Rice disposal well?

6 MR. ROBINSON: Yes. Rice has a
7 disposal well there. It will be gravity fed. You'll notice
8 where I have disposal there on the 1000 barrel, we will have
9 that smaller dot below it is a 250-barrel tank, and it will
10 have waterlegs or grasshopper or whatever you -- I've heard
11 it called several different things, but anyway, the -- we
12 will have -- we will put our brine water or our waste water
13 in that 1000-barrel tank and it will flow over into the 250
14 and we'll have a grasshopper leg on it and it will flow down
15 into the disposal line to keep out all foreign material or
16 BS.

17 MR. CATANACH: What volume of
18 fluid do you anticipate treating on a monthly basis?

19 MR. ROBINSON: Well, it has the
20 capacity of 6000. My guess is about 3000 barrels month.
21 2500 to 3000 barrels. That would be the best projection I
22 can come up with.

23 MR. CATANACH: Okay, do you
24 know at this time exactly what you'll be doing with your
25 solids? The solid waste?

1 MR. ROBINSON: Our solid waste
2 will be -- we'll put it in one of these storage tanks over
3 here and wait till we get a truckload of it and then we will
4 haul that to one of the disposal sites which are either Par-
5 abo, which is approximately 15 miles distance to us.
6 There's one Pollution Control 40 miles west of Hobbs.
7 That's -- I was out there at Pollution Control for the last
8 year and a half treating at that facility, using solar heat
9 and using a heater-treater.

10 MR. CATANACH: Mr. Robinson, do
11 you what chemicals you might be using if you -- if you need
12 to, what type of chemicals?

13 MR. ROBINSON: I don't know the
14 name of them or anything. I know that in the past, this
15 past year we processed approximately 6-to-7000 barrels and
16 we only used approximately 20 to 30 gallon chemical is all
17 we used.

18 MR. CATANACH: That's just to
19 aid in the segregation of oil?

20 MR. ROBINSON: To break out
21 some iron or the water or whatever, and then, like I say,
22 depending on what's in it. Some of it is -- already has
23 chemicals in it so you've to give something to help break
24 that out, too.

25 MR. CATANACH: Okay. You said

1 this whole facility is currently fenced?

2 MR. ROBINSON: Yes, sir.

3 MR. CATANACH: In pretty good
4 shape?

5 MR. ROBINSON: Yes, sir. 3-
6 strand barbed wire.

7 MR. CATANACH: Okay.

8 MR. ROBINSON: We have a cattle
9 guard as it's noted on the -- on the design here on the
10 entrance to it, so --

11 MR. CATANACH: I seem to recall
12 there being some pits. Were those covered up or --

13 MR. ROBINSON: In the fenced
14 area?

15 MR. CATANACH: Well, I'm not
16 sure they were in the fenced area but they were -- I thought
17 they belonged to Oil Processing.

18 MR. ROBINSON: I have not seen
19 any there.

20 MR. CATANACH: Nothing within
21 the fenced area?

22 MR. ROBINSON: No, sir.

23 Now on the south side of the
24 road, that access road there, they had a -- tanks in there
25 and they had a paraffin plant there. Now that could be

1 where -- I know they had some -- they have two pits there
2 that has a lot of heavy oil or paraffin, whatever you want
3 to call it, but they are metal containers. I didn't see any
4 open -- open pits, like I understand you're talking about.

5 Do you -- can you tell me about
6 where the location might be that you remember seeing --

7 MR. CATANACH: Well, I thought
8 it was on the south side of that road, on the south side of
9 the plant.

10 MR. ROBINSON: Well, now it
11 could be because they have a lot, still have a lot of mater-
12 ial stacked up on the south side over there.

13 MR. CATANACH: Uh-huh.

14 MR. ROBINSON: And I would -- I
15 stepped it off and made a quick guesstimate of it, approxi-
16 mately 600 cubic yards plus.

17 MR. CATANACH: Is that not part
18 of the original plant?

19 MR. ROBINSON: No, sir.

20 MR. CATANACH: Do you know
21 who's responsible for cleaning those pits up?

22 MR. ROBINSON: On the south
23 side?

24 MR. CATANACH: Right.

25 MR. ROBINSON: Well, I under-

1 stood that it would be the State, Conservation Commission,
2 through their bond, through the bond of the previous opera-
3 tor.

4 MR. CATANACH: I see. So Oil
5 Processing has forfeited their bond, is that correct?

6 MR. ROBINSON: I don't know.
7 Now I understand, I talked with Jerry Sexton on this and I
8 talked to him fairly often, but it's my understanding after
9 talking with him that the State had the bond and that they
10 were going to clean that part up. Now that's just third
11 party or second party information to you.

12 MR. CATANACH: Uh-huh.

13 MR. ROBINSON: You probably
14 know more about that than I do.

15 MR. CATANACH: So the only
16 thing you're taking over is the fenced -- everything inside
17 the fence.

18 MR. ROBINSON: The fenced
19 area. I don't want to assume any or have any kind of
20 responsibility on that south part.

21 MR. CATANACH: Okay. I don't
22 blame you.

23 MR. ROBINSON: It is a mess.
24 But I would assist in getting something done on it because I
25 would like to see it cleaned up because it does make the ap-

1 pearance untidy and lousy looking.

2 I don't know if I mentioned or
3 not, but we did go in and clean up that fenced area. We've
4 already done that with a backhoe and covered up a couple of
5 -- and cleaned up a couple oil spots that was on there and
6 done a little bit of work on it already.

7 MR. CATANACH: Okay. What's --
8 what's going to be the source of your fluid you're going to
9 be treating?

10 MR. ROBINSON: Our source will
11 be from disposal sites, such as Pollution Control or there's
12 one in Loco Hills, various places like that, open pits, tank
13 bottoms, anything any place we can get it, really, legally.

14 MR. CATANACH: Okay. Mr. Rob-
15 inson, do you have any -- are there any dikes or berms
16 around any of these tanks?

17 MR. ROBINSON: No, sir. There
18 never has been.

19 MR. CATANACH: If we find that
20 you might have to put berms or dikes around these -- some of
21 these tanks, anyway, would you be objectionable to that?

22 MR. ROBINSON: I'm not objec-
23 ting, no.

24 MR. CATANACH: Okay.

25 MR. ROBINSON: I feel like that

1 I can go in there and get the job done and make a good -- or
2 run it efficiently and make a good profit out of it and the
3 -- anything that's required in order to obtain the authority
4 to get that thing started, I don't see any problem with it.

5 MR. CATANACH: Okay, kind of in
6 a hurry to get started there?

7 MR. ROBINSON: Yes, sir. Sep-
8 tember 1, if I could.

9 MR. CATANACH: Okay, we'll see
10 what we can do.

11 MR. ROBINSON: We do have a lot
12 of work to do in order to get it in operation and the sooner
13 the better. So --

14 MR. CATANACH: Okay. I assume
15 you'll furnish a copy of that bond whenever you get it?

16 MR. ROBINSON: Yes, sir.

17 MR. TAYLOR: Yeah, our author-
18 ity will be conditioned on that bond. If your attorney
19 needs any more help on that, have him give us a call.

20 MR. ROBINSON: I will do that.

21 MR. TAYLOR: I think it was the
22 company they were dealing with that they were having a lit-
23 tle trouble with.

24 MR. ROBINSON: Yeah. Well, the
25 company they were dealing with were the ones that had writ-

1 ten it before so they should know what they're looking at,
2 probably different people in it, in the company, but I feel
3 very good about it. I'll be going back through Albuquerque
4 today and give him a call and check on it, but I will --
5 that will be furnished as well as the -- any other require-
6 ments that you all make.

7 MR. CATANACH: Mr. Robinson, do
8 you have -- you might have a better schematic of the plant
9 site showing the various lines and valves and pumps and all.

10 MR. ROBINSON: We did not put
11 those in there because first of all, the diagram here is
12 small, but we will have -- each one of the tanks will be
13 hooked up with three inch lines and there will be valves on
14 each side as going from one tank to the other where we can
15 transfer the fluids safely. If we want to run it from T-1
16 to T-5 we can run it down through there.

17 MR. CATANACH: Mr. Robinson,
18 what I'm asking you, can you provide us with a better sche-
19 matic of the facility?

20 MR. ROBINSON: Sure.

21 MR. CATANACH: Okay. We'll
22 leave that open and just go ahead and let you submit that at
23 a later date, whenever you have everything set.

24 MR. ROBINSON: May I ask for a
25 clarification on the set?

1 MR. CATANACH: Well, whenever
2 you have everything -- well, is everything permanent right
3 now? I mean this is what you're going to have?

4 MR. ROBINSON: Yes.

5 MR. CATANACH: Well if you
6 could just get something more detailed to us.

7 MR. ROBINSON: Showing the
8 lines and valves.

9 MR. CATANACH: Lines and the
10 valves and the meters and whatever. Pumps, that would be
11 fine.

12 And I think that's all I have
13 at this time.

14 We'll mark this as Exhibit Num-
15 ber One and enter it into evidence.

16 MR. ROBINSON: Number One is
17 the plat and maybe Number Two would be the diagram that --
18 or the plant layout.

19 MR. CATANACH: Okay, we'll mark
20 that Exhibit Number Two and enter that into evidence also.

21 MR. ROBINSON: Okay, and then I
22 will furnish another drawing of that.

23 MR. CATANACH: Okay, that would
24 be fine.

25 I have no further questions of

1 Mr. Robinson.

2 Are there any other questions?

3 If not, he may be excused.

4 MR. ROBINSON: Thank you very
5 much.

6 MR. CATANACH: Is there any-
7 thing further in Case 9199?

8 If not, it will be taken under
9 advisement.

10

11 (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 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. 9199,
heard by me on August 26, 1987.

David R. Cataract, Examiner
Oil Conservation Division