

NM - 32

**GENERAL
CORRESPONDENCE**

YEAR(S):
1986

Dockets Nos. 14-86 and 15-86 are tentatively set for April 30 and May 14, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 16, 1986
8:15 a.m. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before David R. Catanach, Examiner, or Michael E. Stogner, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for May, 1986, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for May, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8871: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Veno Energy and other interested parties to appear and show cause why their authority under Order No. R-7596 to operate an oil treating plant located in the NW/4 NE/4 of Section 23, 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.

CASE 8872: Application of HNG Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Queen Lake Unit Agreement comprising 1917.2 acres, more or less, of Federal, State, and Fee lands in Section 36, Township 24 South, Range 28 East and Sections 31 and 32, Township 24 South, Range 29 East.

CASE 8873: Application of Exxon Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Delaware and Bone Spring formations underlying the NW/4 SW/4 of Section 27, Township 22 South, Range 26 East, forming a 40-acre standard oil spacing and proration unit in both zones. Applicant further seeks an order pooling all mineral interests in the Canyon, Strawn, Atoka, and Morrow formations underlying the W/2 of said Section 27, to form a standard 320-acre gas spacing and proration unit, both aforementioned units to be dedicated to a well to be drilled at a standard location 1980 feet from the South line and 660 feet from the West line of said Section 27. 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 8874: Application of Union Texas Petroleum Corporation for Pool Reclassification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Crosby-Devonian Gas Pool as an associated pool and the promulgation of special pool rules therefor.

CASE 8848: (Continued from March 5, 1986, Examiner Hearing)

Application of Amoco Production Company for NGPA Wellhead Price Ceiling Category Determinations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination by the Division that the following three wells in Township 19 South, Range 35 East, Scharb-Bone Springs Pool, meet the NGPA well category criteria for New Onshore Reservoir under Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission:

- 1) Elkan Well No. 3 located 1980 feet from the South and East lines (Unit J) of Section 9;
- 2) Elkan Well No. 4 located 519 feet from the South line and 2121 feet from the West line (Unit N) of Section 9; and,
- 3) State "MX" Well No. 1 located 660 feet from the North line and 710 feet from the West line (Unit D) of Section 15.

CASE 8875: Application of Arco Oil & Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinebry, Drinkard, and Wantz-Abo Pools in the wellbore of its S. J. Sarkeys Well No. 3 located 2310 feet from the South line and 330 feet from the East line (Unit I) of Section 23, Township 21 South, Range 37 East.

CASE 8870: (Continued from April 2, 1986, Examiner Hearing)

Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cisco and Canyon formations in the perforated interval from approximately 7772 feet to 7850 feet in the Coquina Oil Corporation Aikman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East.

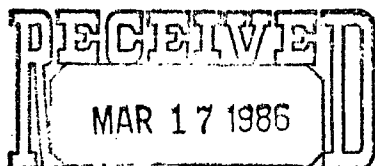


ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

TONEY ANAYA
GOVERNOR

March 14, 1986

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88240
(505) 393-6161



OIL CONSERVATION DIVISION
Box 2088
Santa Fe, NM 87504-2088

Re: Veno Energy Treating Plant
R-7596 -- NW/4 NE/4 Sec. 23, T16S, R35E

Dear Mr. Stamets:

We were requested by Diane Richardson to check the above-referenced treating plant to determine if the treating plant bond should be released. This plant was checked by our field inspector March 10, 1986. A photo was taken from a distance on this date because the gate was locked and we were unable to get to the facility. The photo indicates the same equipment is still on the location that was there when it was checked August 1985.

Our records indicate the last monthly operating report filed by Veno was for March 1985, and we show no activity at this facility since that date.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

ed

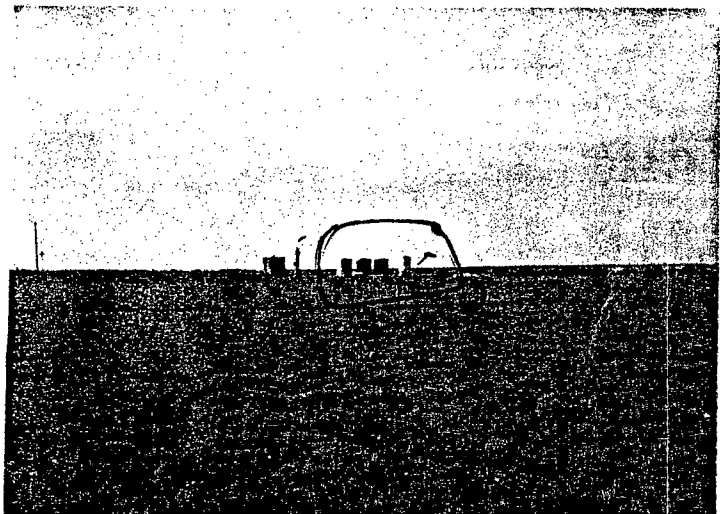
cc: Diane Richardson - OCD Santa Fe
Veno Energy, Box 2202, Hobbs, NM

*Let's set this for
a show cause hearing
to rescind the
authority and
require reclamation
of the site*

RLH

Kerry Evans.

397-1877





TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



1935 - 1985

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

April 11, 1986

MEMORANDUM

TO: R. L. STAMETS, DIRECTOR, OCD

FROM: ROGER C. ANDERSON, ENVIRONMENTAL ENGINEER, OCD *RA*

SUBJECT: VENO ENERGY TREATING PLANT INSPECTION R-7596 -- NW/4 NE/4,
SECTION 23, TOWNSHIP 16 SOUTH, RANGE 35 EAST, APRIL 3, 1986

On April 3, 1986, an inspection of the above facility was performed by Dave Boyer and myself. All accesses were locked, consequently, we entered on foot over the north fence. Attempts to locate the principals of Veno Energy were unsuccessful. A message was left on Mr. Kerry Evans' answering machine notifying him of the approximate time of our arrival on site.

The facility shows no signs of recent activity. All tanks are empty. The inner pit northwest of the tank complex appears to have been used as a drilling mud settlement pit, with the outer pit used as a water evaporation pit. The inner pit has drilling mud solids and the outer pit is dry.

Numerous drums were found south of the tanks. All but two were empty. The contents of these two are unknown.

Conclusion

The tanks and scrap on the location are unsightly but not environmentally detrimental. The drums containing substances should be removed and disposed of properly. If the pits are associated with the treating plant they should be closed and mounded according to accepted procedures. If they are associated with the well on the property, the owner/operator of the well should reclaim the pits.

RCA:dp

cc: Dave Boyer

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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

21
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:

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

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1
2 MR. CATANACH: Call next Case
3 8871. In the matter of the hearing called by the Oil Con-
4 servation Division on its own motion to permit Veno Enegy
5 and other interested parties to appear and show cause why
6 their authority under R-7596 to operate an oil treating
7 plant located in the northwest quarter of the northeast
8 quarter of Section 23, Township 23 South, -- I mean, pardon
9 me, Township 16 South, Range 35 East, Lea County, New Mexico
10 should not be cancelled and why the site of such plant
11 should not be reclaimed.

12 Are there appearances in this
13 case?

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

17 MR. CATANACH: Are there other
18 appearances?

19 Will the witness please stand
20 and be sworn in?

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22 (Witness sworn.)
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JERRY SEXTON,
being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. TAYLOR:

Q Would you please state your name, by whom
you're employed, and in what capacity?

A Jerry Sexton with the Oil Conservation
Division, District Supervisor in Hobbs.

Q And have you previously testified before
the Division or its examiners and had your credentials ac-
cepted?

A Yes.

MR. TAYLOR: Mr. Examiner, I
tender the witness as an expert.

MR. CATANACH: He is considered
qualified.

Q Mr. Sexton, would you please state the
purpose of Case 8871?

A The bonding company has requested release
of the bond that Veno Treating Plant had for their opera-
tions. Veno is no longer in business but they do have mat-
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.

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Is there anything further in
Case 8871?

If not, it will be taken under
advisement.

(Hearing concluded.)

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 Catanzaro, Examiner
Oil Conservation Division

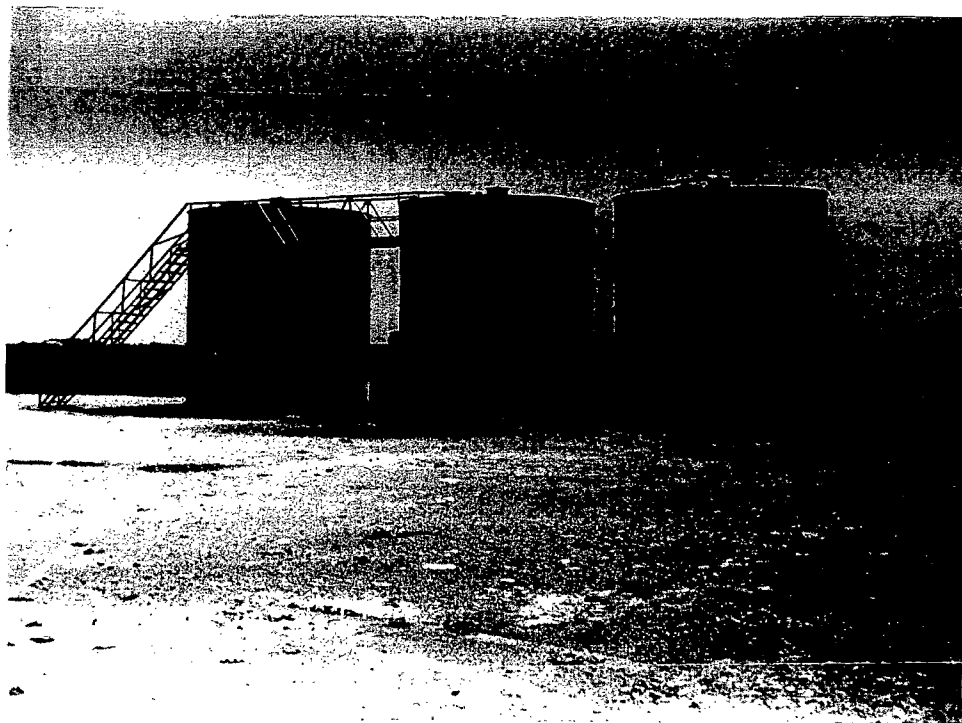
VENO ENERGY TREATING PLANT
NW/4 NE/4 S23-T16S-R35E

Inventory of Equipment
as of April 3, 1986
(on Location)

- 5 500 bbl tanks, bolted
walkways on two tanks
- 1 4 x 20 Heater-Treater with all connections & valves
- 1 200 gallon propane tank - connected with piping
- 1 pile of assorted metals & pipes - approx 5 tons
several barrels - assorted pipes & metals scattered
around tank areas
- 1 250 bbl junk tank - Northside location

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

DIV EXHIBIT NO. 1
CASE NO. 8871



BEFORE EXAMINER CATANACH

OIL CONSERVATION DIVISION

DV EXHIBIT NO. 2

CASE NO. 8871

EARL LEAVELLE
522 West Avenue B
Lovington, N. M. 88260

April 3, 1986

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 1980
Hobbs, New Mexico 88240

Re: U. S. Operating, Leavell No. 1 Well

Attention: Jerry Sexton

Mr. Sexton:

Regarding the above mentioned well site, there is excess material and equipment located on the pad.

I want this equipment and excess material moved and the pad cleaned.

I do not want the bond released until this work is completed.

If you have any questions, please call my daughter Earlene Roberts, at (505) 396-8521, Ext. 214.

Thank you,

Earl Leavelle
Earl Leavelle *up ER*

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
<u>DIV</u>	EXHIBIT NO. <u>3</u>
CASE NO:	<u>8871</u>

VENO ENERGY TREATING PLANT
NW/4 NE/4 S23-T16S-R35E

Inventory of Equipment
as of April 3, 1986
(on Location)

- 5 500 bbl tanks, bolted
walkways on two tanks
- 1 4 x 20 Heater-Treater with all connections & valves
- 1 200 gallon propane tank - connected with piping
- 1 pile of assorted metals & pipes - approx 5 tons
- several barrels - assorted pipes & metals scattered
around tank areas
- 1 250 bbl junk tank - Northside location

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

PN EXHIBIT NO. 1
CASE NO. 8871

EARL LEAVELLE
522 West Avenue B
Lovington, N. M. 88260

April 3, 1986

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 1980
Hobbs, New Mexico 88240

Re: U. S. Operating, Leavell No. 1 Well

Attention: Jerry Sexton

Mr. Sexton:

Regarding the above mentioned well site, there is excess material and equipment located on the pad.

I want this equipment and excess material moved and the pad cleaned.

I do not want the bond released until this work is completed.

If you have any questions, please call my daughter Earlene Roberts, at (505) 396-8521, Ext. 214.

Thank you,

Earl Leavelle
Earl Leavelle *up ER*

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

DIV EXHIBIT NO. 3

CASE NO. 8871

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. 8192
Order No. R-7596

APPLICATION OF VENO ENERGY
FOR AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on May 23, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of July, 1984, 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, Veno Energy, seeks authority to construct and operate a chemical and heat-treatment type oil treating plant in the NW/4 NE/4 of Section 23, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, for the processing of approximately 200 barrels of sediment oil per day to be obtained from tank bottoms, disposal waters and waste pits.

(3) That said location is situated on the drilling pad of the Dwight A. Tipton Leavelle Well No. 1 located 660 feet from the North line and 1980 feet from the East line of said Section 23.

(4) 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.

(5) 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.

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

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Veno Energy, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the NW/4 NE/4 of Section 23, Township 16 South, Range 35 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,

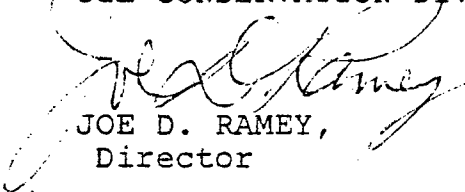
or in any other place or in any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

(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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION ON
ITS OWN MOTION TO PERMIT VENO ENERGY
AND OTHER INTERESTED PARTIES TO APPEAR
AND SHOW CAUSE WHY THEIR AUTHORITY
UNDER ORDER NO. R-7596 TO OPERATE AN
OIL TREATING PLANT LOCATED IN THE NW/4 NE/4
OF SECTION 23, 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.

CASE NO. 8871
Order No. R-7596-A

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 16, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 19th day of May, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) By Division Order No. R-7596 dated July 20, 1984, Veno Energy was given authority to operate an oil treating plant located in the NW/4 NE/4 of Section 23, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) Prior to the hearing on April 16, 1986, Veno Energy was no longer operating and had apparently abandoned said oil treating facility.

(4) No representative from Veno Energy appeared at the hearing to show cause why their authority under Division Order No. R-7596 should not be rescinded.

(5) Subsequent to the hearing on April 16, 1986, the site of the Veno Energy Treating Plant was cleared of all

tanks and equipment and reclaimed to the satisfaction of the Division.

(6) Because the plant site was reclaimed to the satisfaction of the Division, the performance bond originally filed with the Division by Veno Energy has been released as of May 15, 1986.

(7) The portion of the Division's application concerning the cleanup and reclamation of the treating plant site should be dismissed.

(8) Inasmuch as Veno Energy apparently no longer wishes to operate said treating plant and in fact no longer has a performance bond covering the operation of said treating plant, their authority under Division Order No. R-7596 should be cancelled.

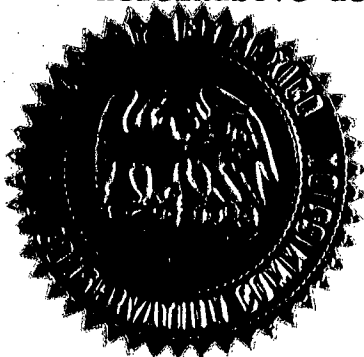
IT IS THEREFORE ORDERED THAT:

(1) The portion of the Division application concerning the cleanup and reclamation of the site of the Veno Energy Treating Plant is hereby dismissed.

(2) Division Order No. R-7596 dated July 20, 1984, which authorized Veno Energy to operate an oil treating plant located in the NW/4 NE/4 of Section 23, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, is hereby rescinded.

(3) 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.

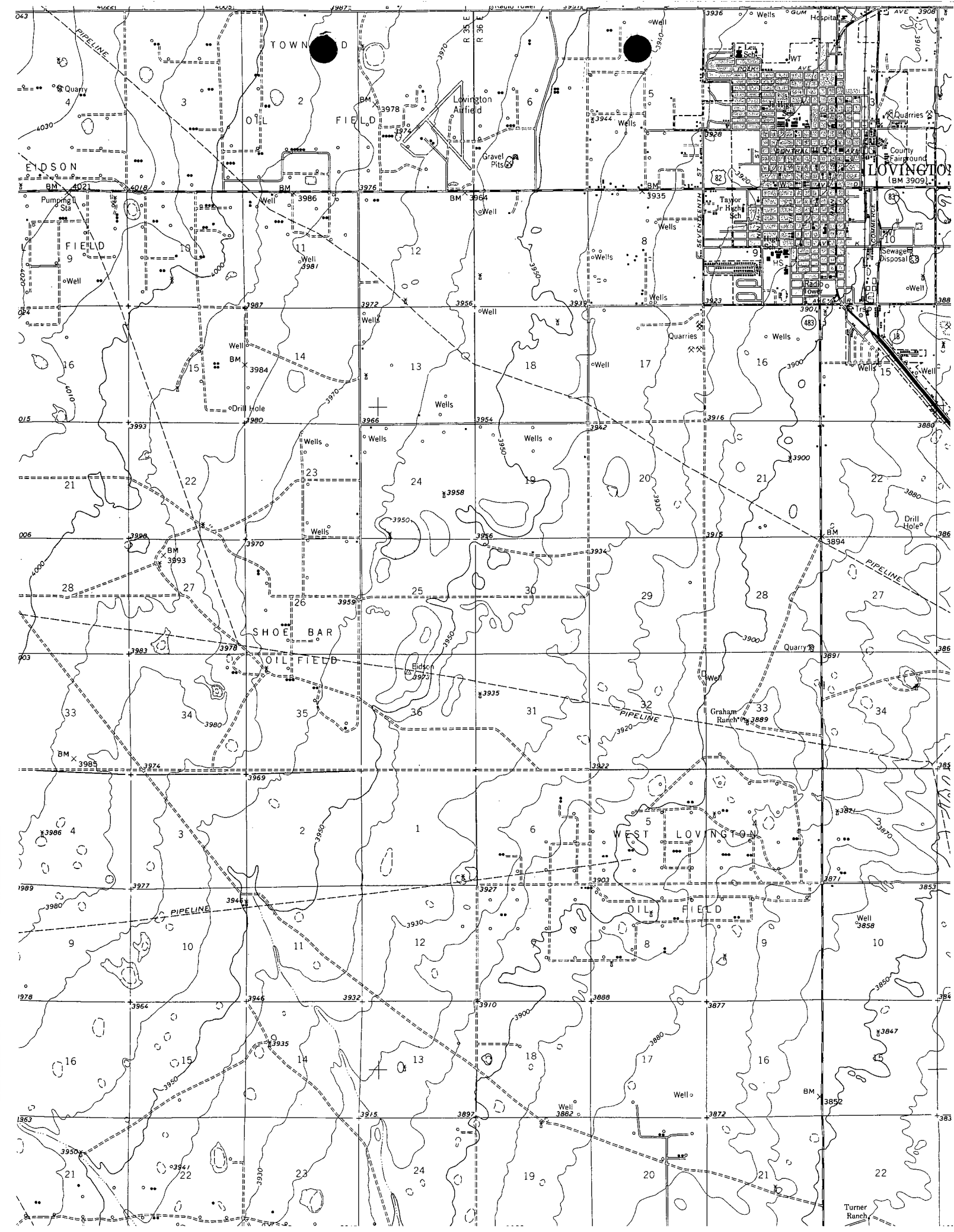


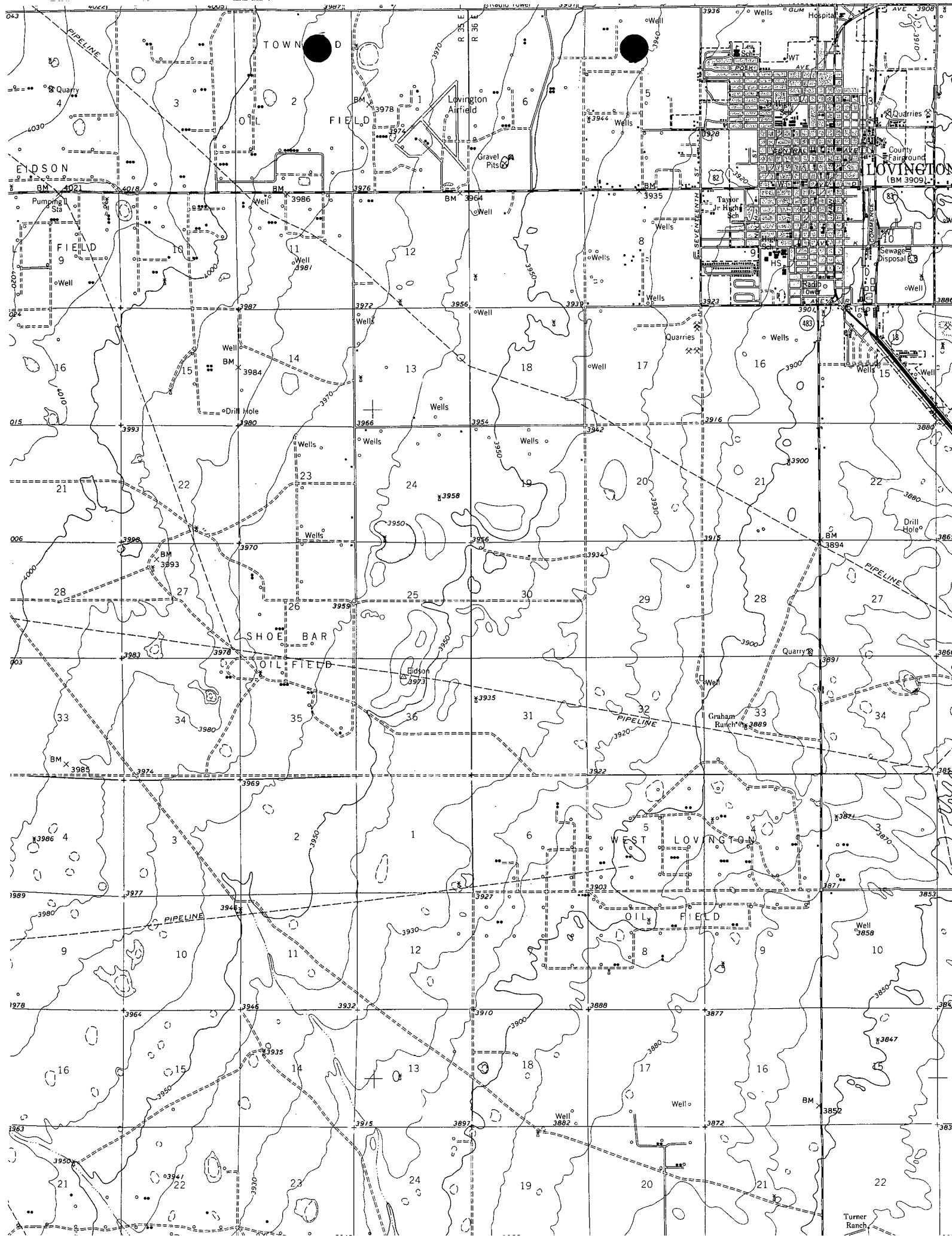
S E A L
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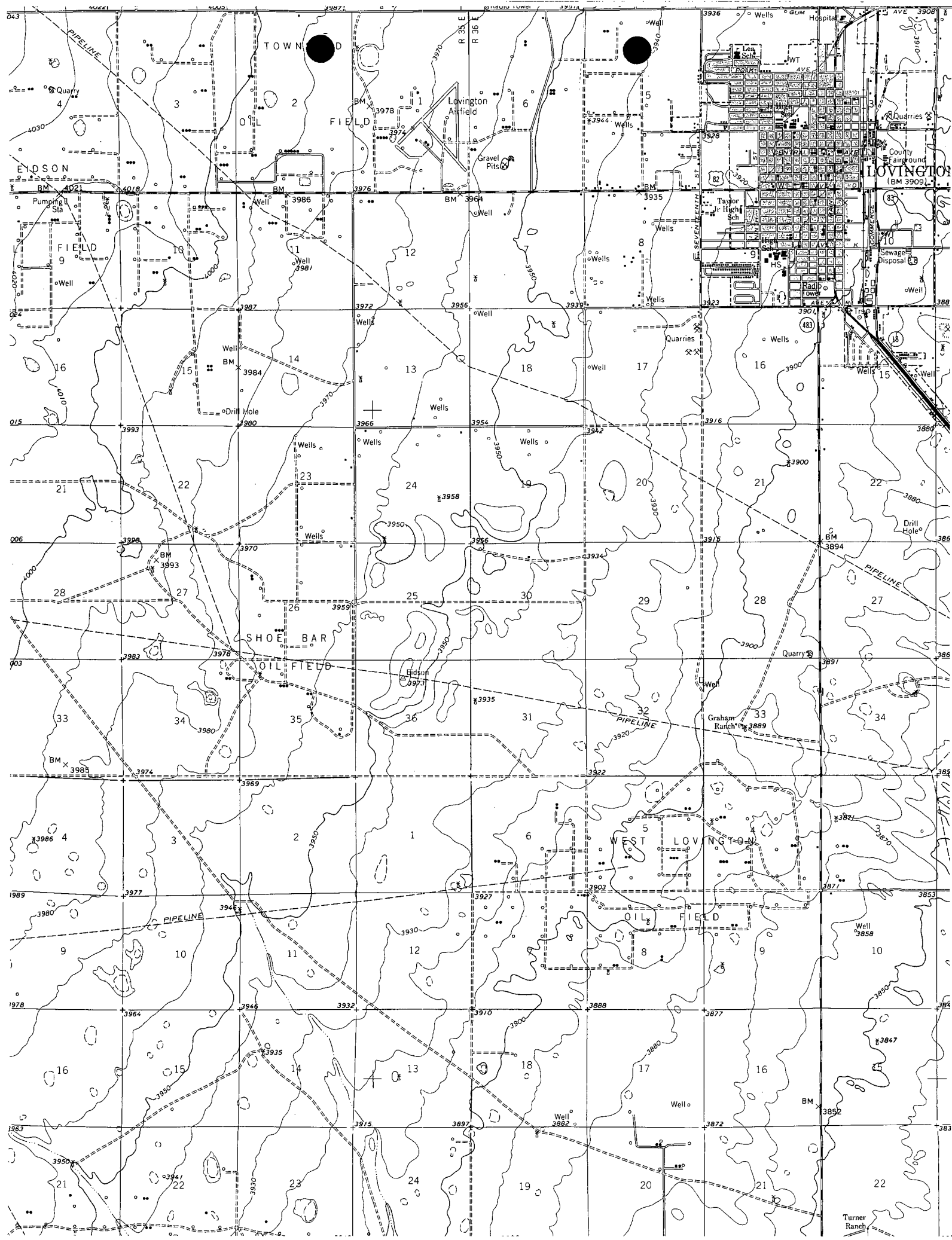
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

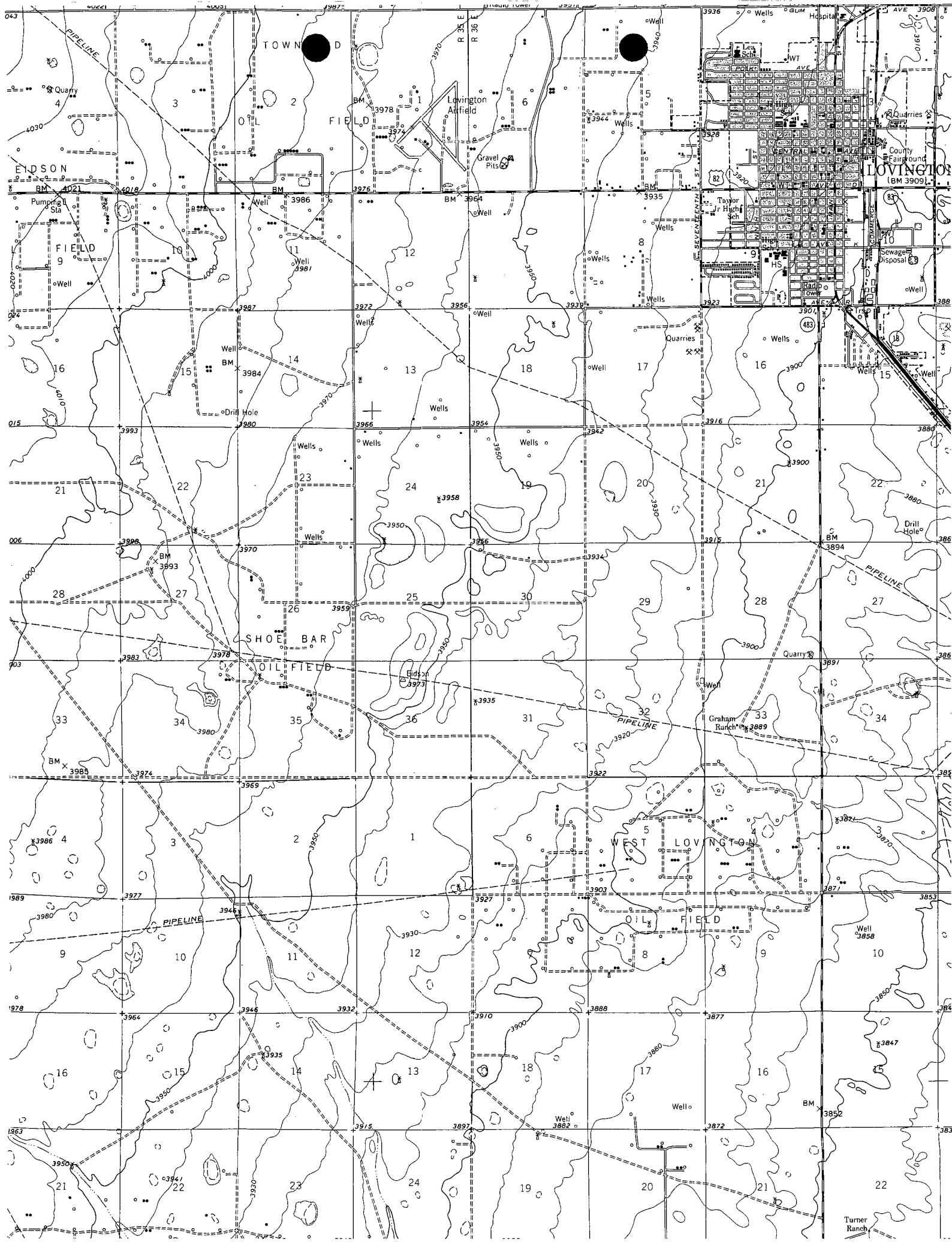
A handwritten signature in dark ink, appearing to read "R. L. Stamets", written over the printed name.

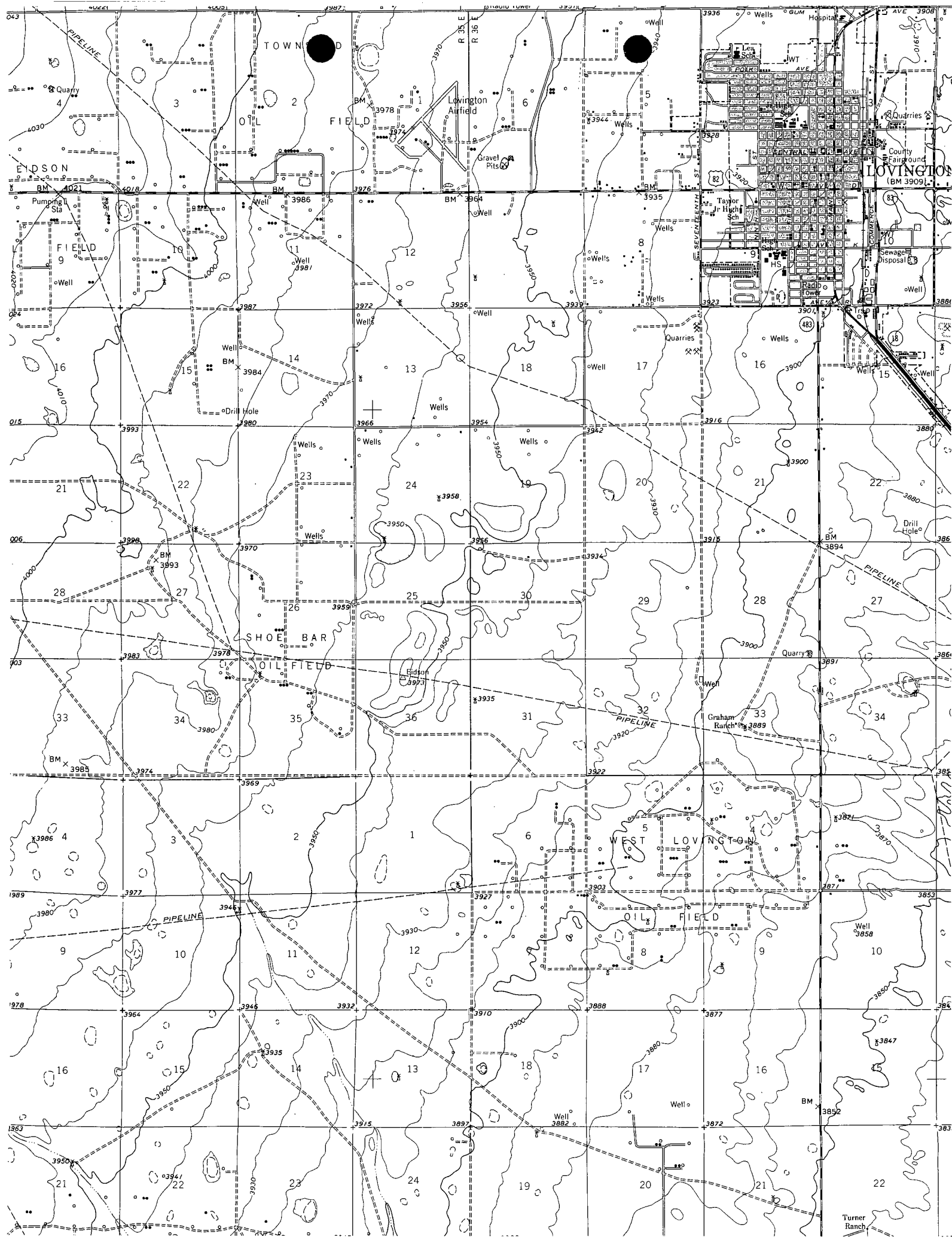
R. L. STAMETS
Director

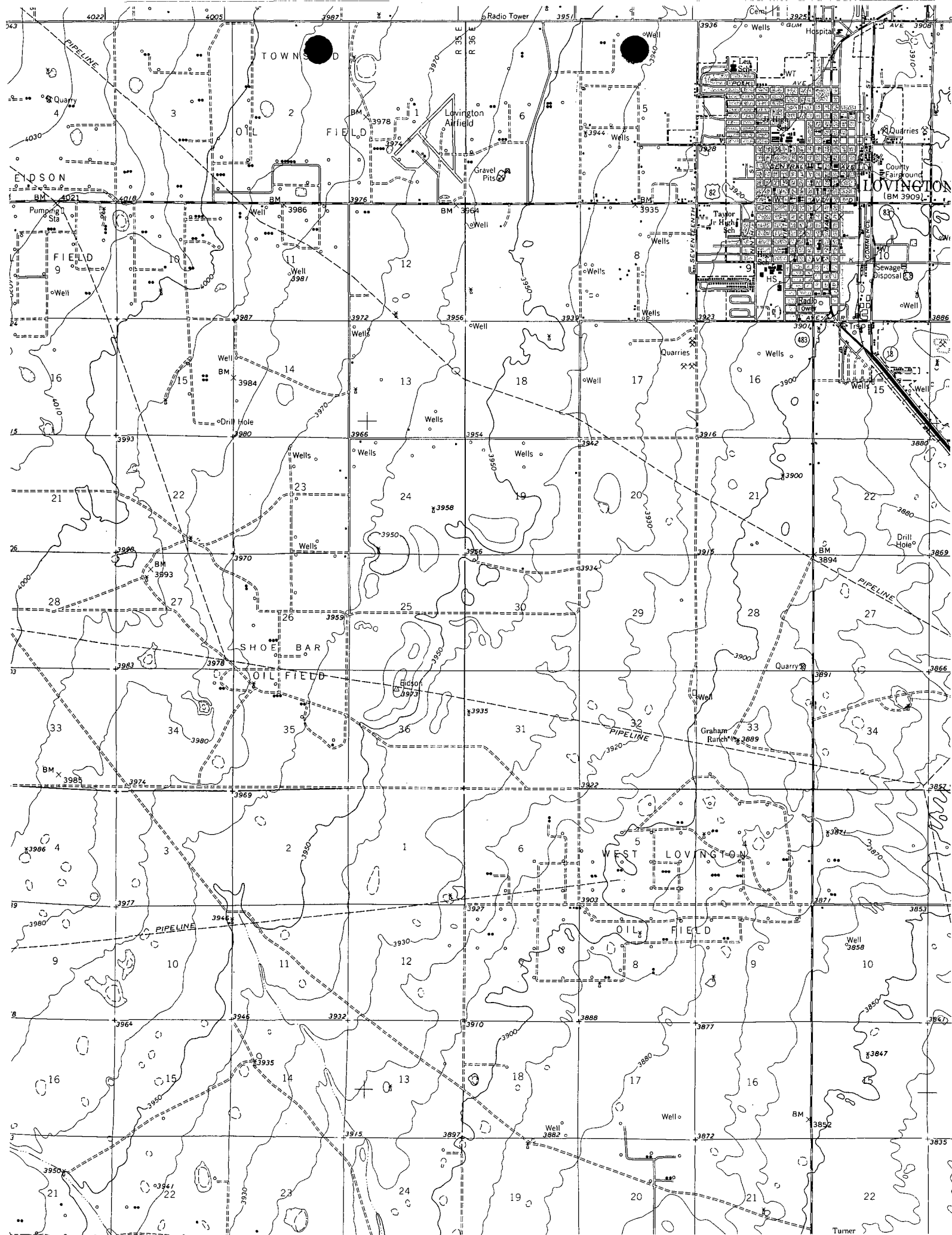










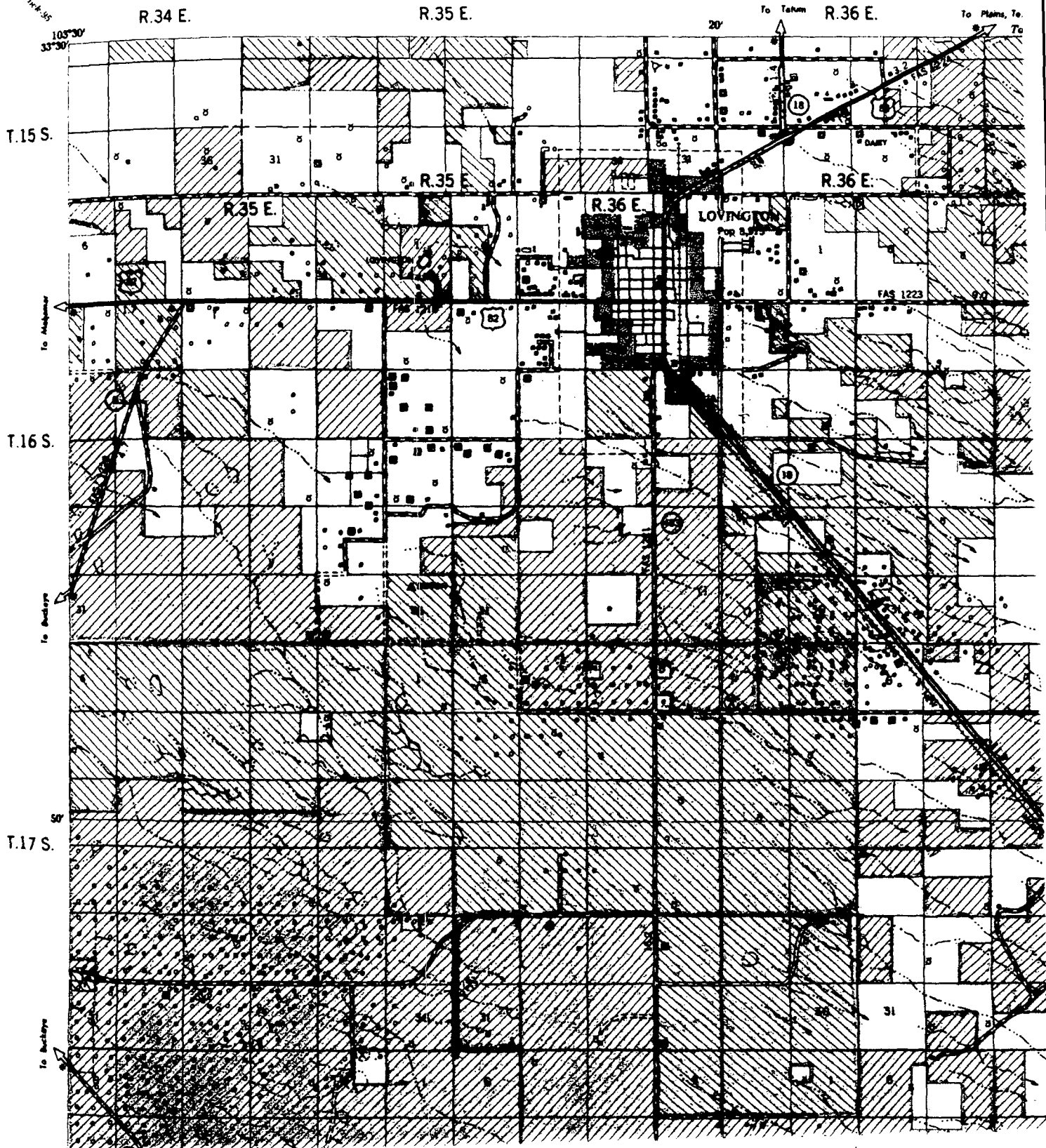


NEW MEXICO STATE L

COMMISSIONER OF PUBL

IN COOPERATION WITH THE
NEW MEXICO STATE HIGHWAY DEPARTMENT
PLANNING AND PROGRAMMING DIVISION
FEDERAL HIGHWAY ADMINISTRATION

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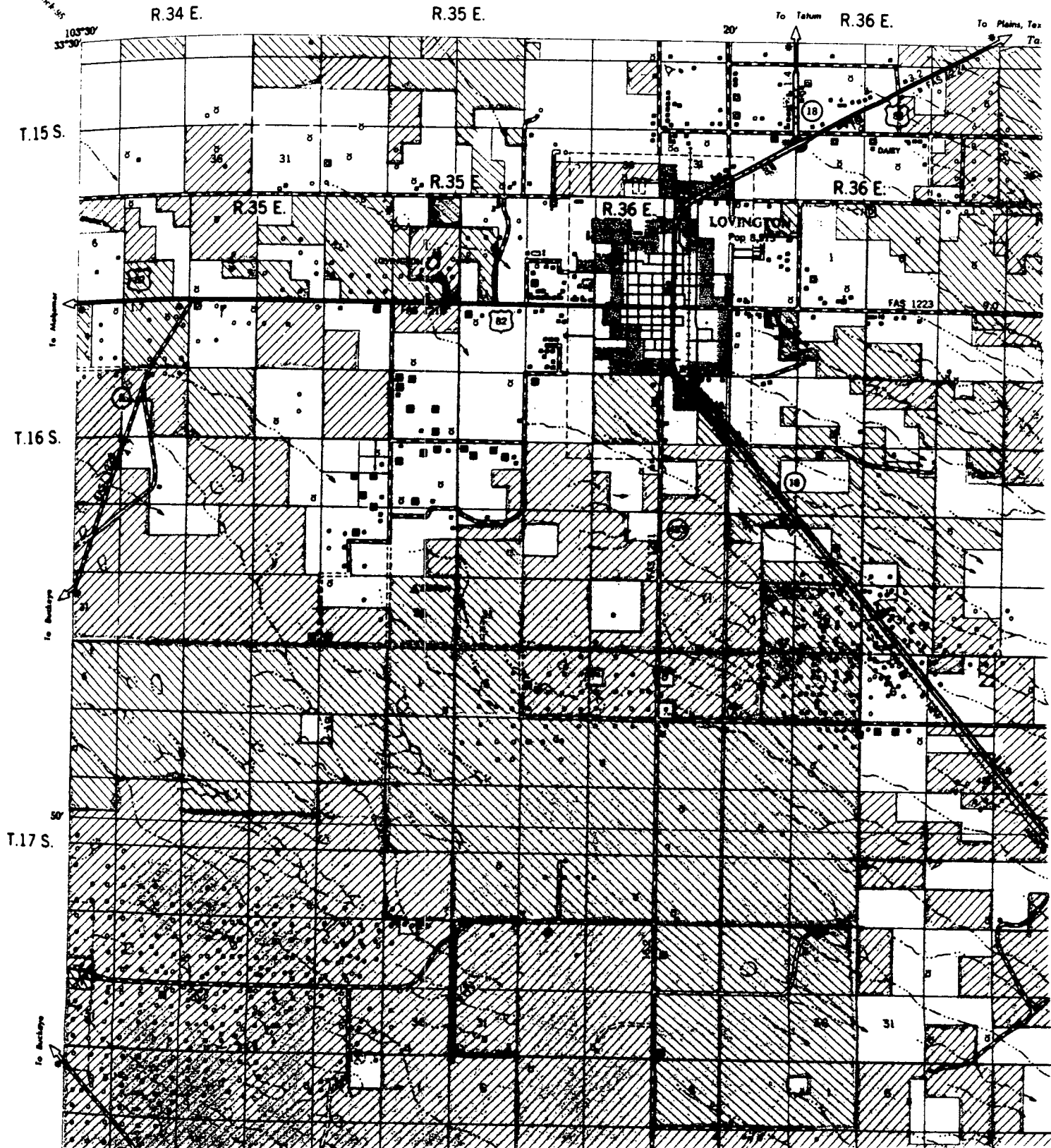


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IN COOPERATION WITH THE

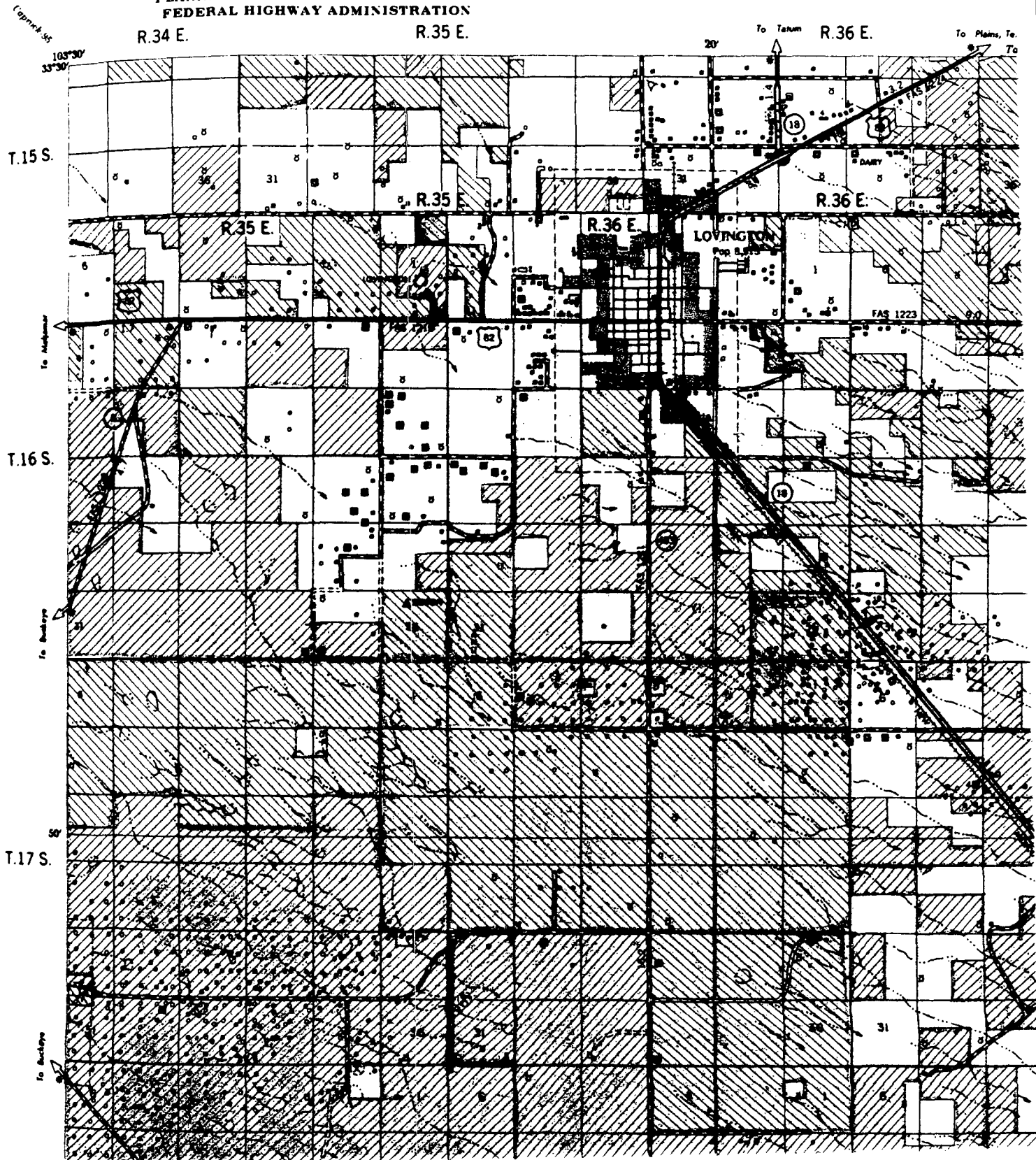
NEW MEXICO STATE HIGHWAY DEPARTMENT
PLANNING AND PROGRAMMING DIVISION
FEDERAL HIGHWAY ADMINISTRATION



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IN COOPERATION WITH THE
NEW MEXICO STATE HIGHWAY DEPARTMENT
PLANNING AND PROGRAMMING DIVISION
FEDERAL HIGHWAY ADMINISTRATION



VENO ENERGY

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:

~ 3 mi SW of Lovington

1000367

CASE NO. 8192
Order No. R-7596

APPLICATION OF VENO ENERGY
FOR AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on May 23, 1984,
at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of July, 1984, 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, Veno Energy, seeks authority to
construct and operate a chemical and heat-treatment type oil
treating plant in the NW/4 NE/4 of Section 23, Township 16
South, Range 35 East, NMPM, Lea County, New Mexico, for the
processing of approximately 200 barrels of sediment oil per day
to be obtained from tank bottoms, disposal waters and waste
pits.

(3) That said location is situated on the drilling pad of
the Dwight A. Tipton Leavelle Well No. 1 located 660 feet from
the North line and 1980 feet from the East line of said Section
23.

(4) 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.

(5) 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.

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

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Veno Energy, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the NW/4 NE/4 of Section 23, Township 16 South, Range 35 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,

Case No. 7497 8192
Order No. R-6940 7596


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



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



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

April 11, 1986

MEMORANDUM

TO: R. L. STAMETS, DIRECTOR, OCD

FROM: ROGER C. ANDERSON, ENVIRONMENTAL ENGINEER, OCD *RAK*

SUBJECT: VENO ENERGY TREATING PLANT INSPECTION R-7596 -- NW/4 NE/4,
SECTION 23, TOWNSHIP 16 SOUTH, RANGE 35 EAST, APRIL 3, 1986

On April 3, 1986, an inspection of the above facility was performed by Dave Boyer and myself. All accesses were locked, consequently, we entered on foot over the north fence. Attempts to locate the principals of Veno Energy were unsuccessful. A message was left on Mr. Kerry Evans' answering machine notifying him of the approximate time of our arrival on site.

The facility shows no signs of recent activity. All tanks are empty. The inner pit northwest of the tank complex appears to have been used as a drilling mud settlement pit, with the outer pit used as a water evaporation pit. The inner pit has drilling mud solids and the outer pit is dry.

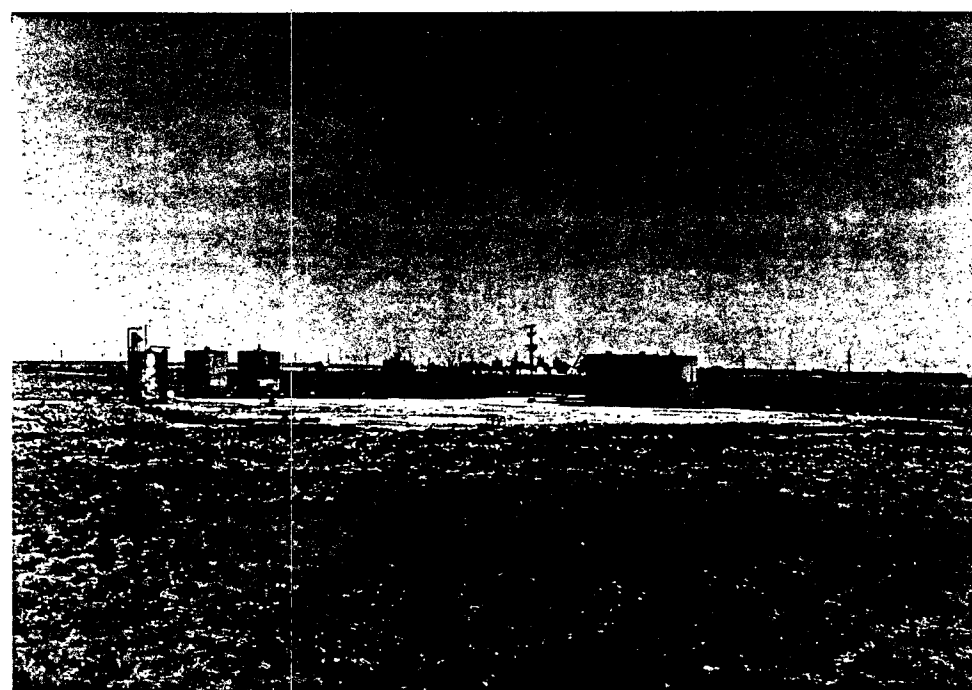
Numerous drums were found south of the tanks. All but two were empty. The contents of these two are unknown.

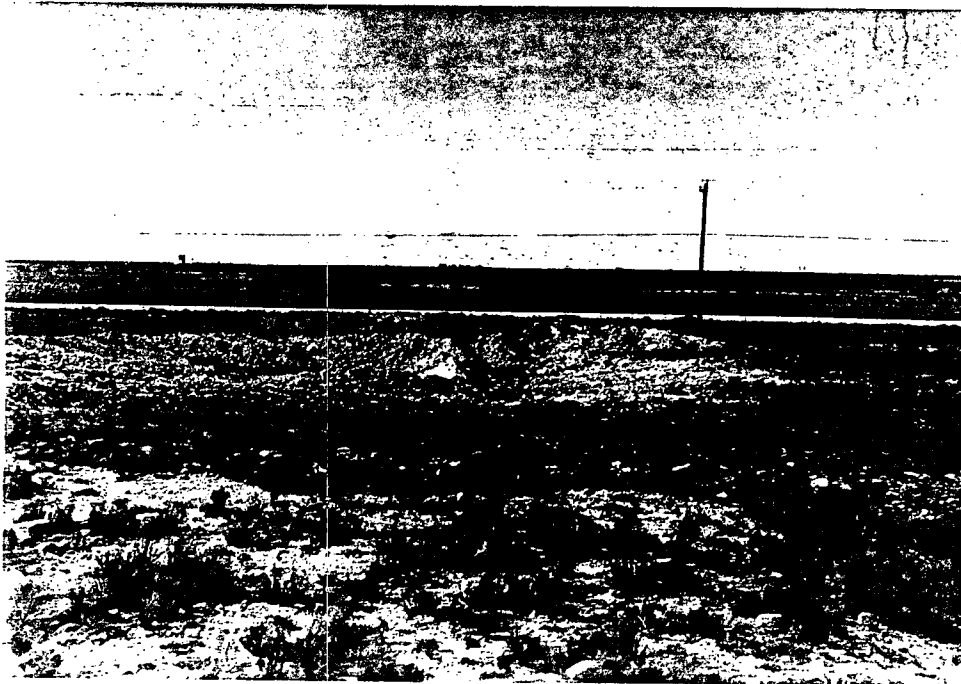
Conclusion

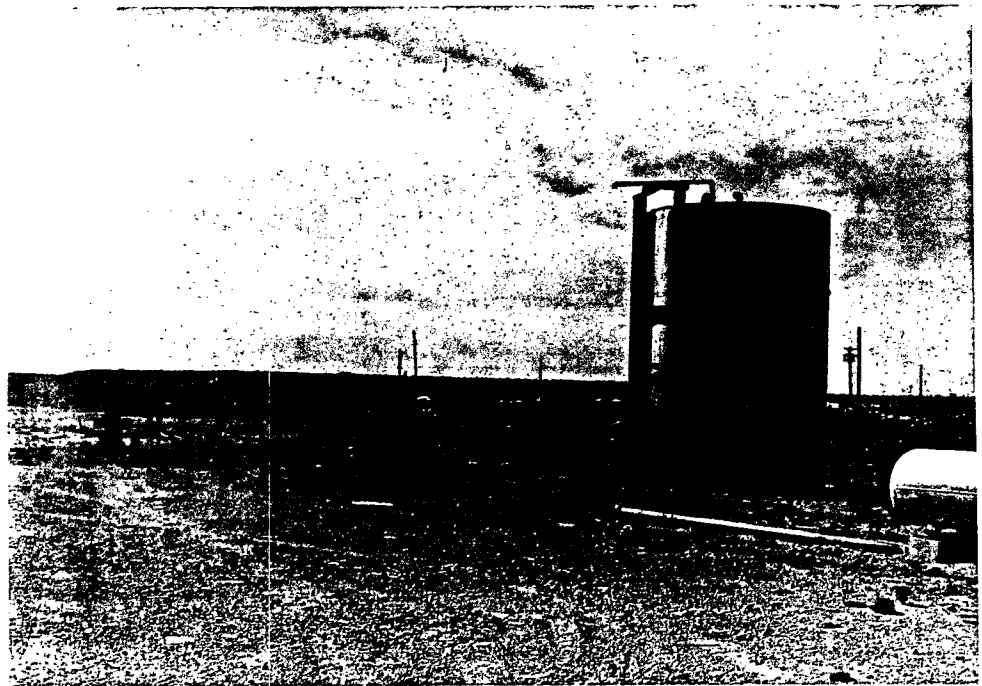
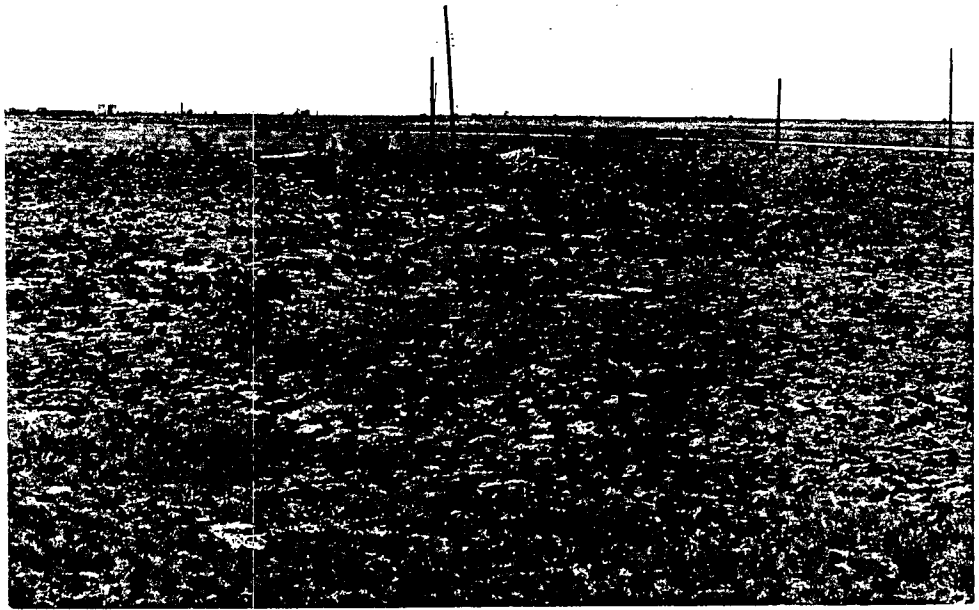
The tanks and scrap on the location are unsightly but not environmentally detrimental. The drums containing substances should be removed and disposed of properly. If the pits are associated with the treating plant they should be closed and mounded according to accepted procedures. If they are associated with the well on the property, the owner/operator of the well should reclaim the pits.

RCA:dp

cc: Dave Boyer









TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 16, 1986

50 YEARS



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(505) 827-5800

The Kemper Group
P. O. Box 925
La Puente, Ca. 91747

Re: \$10,000 Treating Plant Bond
Stuart & Nora Eveans dba Veno Energy,
Principal; American Manufacturers
Mutual, Surety
Bond No. 3SE 568 879-00

Gentlemen:

The Oil Conservation Division hereby approves release of
the above-referenced treating plant bond effective May 15,
1986.

Sincerely,

R. L. STAMETS,
Director

dr/

cc: Oil Conservation Division
Hobbs, New Mexico

Veno Energy
P. O. Box 2202
Hobbs, New Mexico 88240