

Case No.

7278

Application

Transcripts

Small Exhibits

ETC

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
17 June 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Pollution Control,
Inc., for an oil treating plant
permit, Lea County, New Mexico.

CASE
7278

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

LARRY C. SQUIRES

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E X H I B I T S

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MR. NUTTER: Call Case Number 7278.

MR. PADILLA: Application of Pollution Control, Inc., for an oil treating plant permit, Lea County, New Mexico.

MR. KELLAHIN: I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness.

(Witness sworn.)

LARRY C. SQUIRES

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Squires, would you please state your name and occupation?

A My name is Larry C. Squires. I'm manager of Snyder Ranches, Incorporated.

Q Mr. Squires, what's your interest in or relation with Pollution Control, Inc., the applicant in this case?

A We, Snyder Ranches, Incorporated, owns

2 and operates a company called Pollution Control, which is in
3 the business of disposing of produced -- produced waters in
4 the Lea County area in Laguna Gatura, which is a natural salt
5 lake, located approximately 30 miles west of Hobbs.

6 Q Mr. Squires, with regards to the oper-
7 ations of this disposal -- salt water disposal area, have you
8 previously testified before the Oil Conservation Division?

9 A Yes, sir, I have.

10 Q And have you made a study of and are
11 you familiar with the facts surrounding this particular
12 application?

13 A Yes, I'm very familiar with it.

14 MR. KELLAHIN: We tender Mr. Squires as
15 a practical expert in disposal and oil treatment --

16 MR. NUTTER: Mr. Squires is so qualified.

17 Q Mr. Squires, let me show you what we've
18 marked as Applicant Exhibit Number One and have you identify
19 for the Examiner that portion of the facility that's depicted
20 upon that schematic that has been previously approved by the
21 Division.

22 A Okay. All of the area of lines de-
23 picting the pits and the tanks that is not shaded is an
24 existing facility that are already present on the location.
25 The two -- two tanks here that are marked with 750 with them.

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5

2 are 750 gunbarrels, which receives the produced water, which
3 is hauled in by truck. The line that you'll notice that sur-
4 rounds the four tanks pictured in the middle with the little
5 marks on them is the offloading valves. Trucks drive up,
6 hook to these, pump their water into the 750's, which is
7 standard gunbarrel design with grasshopper legs, which tends
8 to separate the fluid from the solids and the lighter fluids
9 come off the top into the 210 barrel skimming tanks in the
10 center.

11 The water is then flowed into the
12 flotation disposal pits and passes through a series of pits
13 whereby we skim the oil off the pits prior to them reaching
14 the last pit down here. The water is cleaned up at this
15 point and is disposed of into the natural salt lake.

16 We propose to add to -- an oil treating
17 plant to this, which would consist of a heat source and two
18 heater-treater tanks, which we propose to build, and we have
19 these drawn in the shaded area.

20 Q Currently what is the amount of sediments
21 and oil recovered from the disposal pits now?

22 A They -- it's difficult to say. My
23 complete ownership of the thing has only been for the last
24 three months. In the last three months we have recovered
25 something like 600 barrels of oil. Prior to that time I can't

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2 answer the exact amount. Now, we --

3 Q What is being done now with the oil and
4 sediments being recovered from the pits?

5 A It's sold to oil processing plants in
6 the area.

7 Q The purpose of this application is for
8 your company to establish its own heating-treating system and
9 remove the excess water and other contaminants and to resell
10 the oil?

11 A That's, that's correct.

12 Q All right, sir. What do you anticipate
13 to be the daily volume of the oil recovered from the treating
14 plant?

15 A This again is difficult to say, but we
16 estimate that there is approximately a half to one barrel of
17 oil per each truckload of water that's hauled to the facility
18 on a daily basis.

19 Of course, it's impossible to recover
20 100 percent of this, but we disposed of approximately twenty
21 to forty 150-barrel truckloads of water per day, or as high
22 as 100,000 barrels of water per month.

23 On that basis, if there were half a
24 barrel of oil for each 50 truckloads of water per day, then
25 there would be 25 to 30 barrels of oil could be recovered and

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2 treated per day.

3 Q All right. What is the ownership of
4 the surface upon which the disposal pits and the treating
5 plant are located?

6 A Snyder Ranches owns the approximately
7 1060 acres, of which this is in the northwest corner of the
8 1000 acres or so.

9 Q Does the ranch ownership also include
10 Laguna Gatuna Lake?

11 A Yes, that's right, uh-huh.

12 Q All right, so the entire facility and
13 the discharged water from the plant is located on Snyder Ranch
14 property?

15 A That's -- that's correct.

16 Q All right. Now the existing facility
17 is operated pursuant to a Commission order, is it not, Mr.
18 Squires?

19 A That's correct, yes.

20 Q And that's Order No. R-3725 entered
21 back in April of '69?

22 A That's correct.

23 MR. NUTTER: What was that order number
24 again, Tom?

25 MR. KELLAHIN: Here's a copy of that

1
2 order, Mr. Nutter.

3 Q Prior to the actual commencement of
4 operations, Mr. Squires, will you be obtaining a Division-
5 approved performance bond in the amount of \$10,000?

6 A Yes, sir.

7 Q All right, sir. In addition, would you
8 describe for us briefly the method by which you propose to
9 complete the treating plant in such a way that if there is a
10 spill or an overflow or discharge from any of the tank bat-
11 teries that the discharged fluids will be contained within
12 the treated area?

13 A We plan to build a 3-foot firewall and
14 a pit area surrounding our heating-treating facility, which
15 in case of an accident, an overflow, it would retain the
16 fluids there and then they could be pumped up, pumped and put
17 back in their proper place.

18 Q That firewall is indicated upon your
19 schematic, is it not?

20 A Yes, sir, it is.

21 Q This is an earthen dam firewall?

22 A Yes, sir.

23 Q And the approximate area contained
24 within the earthen dam is how many square feet, Mr. Squires?

25 A It will be approximately 120 square feet.

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Q Okay.

MR. NUTTER: Now what was that, now?

MR. KELLAHIN: The 3-foot high firewall is indicated around the 500 gallon tank and the 250 gallon tanks.

MR. NUTTER: He said 120 square feet. It would have to be more than that.

A Yeah, it would, wouldn't it?

Q Sure, it's got to be --

A 120 foot square is what we mean to say.

Q Right.

A These are not 500 gallon tanks. It's 500 barrel tanks and two 250 barrel tanks.

Q All right.

Now would you describe for us the fluids as they enter the treatment facility, what temperatures and chemicals, if any, do you propose to add in order to treat the substances?

A We -- the first thing we intend to do is to -- from our skim tanks over here that's marked with 210 barrel tanks, well, we will pump this fluid into the 500 barrel tank. From there we will pump it into one of the smaller tanks which will have a heating coil on the inside and air injection tanks on the bottom, and as we pump it into

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2 these tanks, well, we'd be able to inject with chemicals, the
3 proper chemicals into the fluid to help us disperse the sedi-
4 ment and water, and the heat source will be pumped into these
5 tanks through the coils, which would treat the whole barrel;
6 treat the whole barrel. Excuse me, the whole 250-barrel tank.

7 Then it will be allowed to set for ap-
8 proximately 24-hour period. By this time the sediments and
9 paraffin, and so forth, should settle out, suck those off the
10 bottom, and have the -- be able to sell the oil.

11 Q In your opinion, Mr. Squires, will
12 approval of this application be in the best interest of con-
13 servation, the prevention of waste, and the protection of
14 correlative rights?

15 A Yes, sir. The -- at the present time
16 without a heating and treating facility, there's probably
17 90 percent of this material is lost.

18 MR. KELLAHIN: That concludes our
19 examination, Mr. Nutter. We move the introduction of Exhibit
20 Number One.

21 MR. NUTTER: Exhibit One will be admitted
22 in Case 7278.

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CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Squires, now at the present you have the facilities shown on your exhibit, being the flotation disposal pits, the offloading area, and those -- those two 750-barrel facilities and the two 210-barrel facilities. Those are all in place, right?

A Yes, sir. Uh-huh.

Q Okay, now, when this salt water comes in and is unloaded off the trucks, where is this sediment accumulated that you said the oil processing plants pick up and take away to process? Is it picked up there at those facilities or is it picked up as skim that forms on the pits down here?

A Both. It's picked up from our 500-barrel sales tank over here and it's also skimmed from the flotation --

Q Now that 500-barrel tank, then, is in existence --

A Yes, sir, it's --

Q -- at the present time.

A -- in existence now. Only the shaded area there is not, is not in existence.

Q Now, that oil is picked up for transfer

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2 to the 500-barrel tank just downstream from the 750-barrel
3 tank over here at the loading docks, or unloading docks?

4 A Yes, sir, it's picked up downstream from
5 the 750-barrel tank.

6 Q Before the stuff could get into the
7 pits?

8 A Yes, uh-huh. Now, the two 250-barrel
9 tanks, of course, there's a lot of this oil that floats over
10 into these tanks prior to even getting into the pits, and
11 from there it's --

12 Q Where are those 250-barrel tanks you're
13 talking about?

14 A 210-barrel.

15 Q 210-barrel, okay.

16 A Yes, sir. In other words, the oil comes
17 off the top of these 750's.

18 Q Uh-huh.

19 A And goes into the --

20 Q And goes into the --

21 A Flows into the 210's and then we trans-
22 fer the oil from the 210's over to the 500 now by way of
23 pipeline.

24 Q Okay, and now some of the oil does get
25 down into the flotation disposal pits.

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A Yes, sir, uh-huh.

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Q Now, how do they skim that off?

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A We have, on occasion we've used vacuum

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trucks to come in and vacuum off the top of the fluid. We

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also have a plastic pipeline and a vacuum pump that's portable

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that we can move around and actually suck off the top of

8

these.

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Q Then as the water migrates down through

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this maze of gates --

11

A Yes, sir.

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Q -- towards the disposal line that goes

13

to the Gatuna --

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A Yes.

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Q Laguna Gatuna, that water is getting

16

progressively cleaner and cleaner.

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A Yes, sir.

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Q Now, when it reaches square "X" down

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here at the lower lefthand corner, there's no oil in there

20

any more, is there?

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A No, sir, Huh-uh.

22

Q Have you had any problem with oil on

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Laguna Gatuna at all?

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A No, sir, we have not. Now, we have had,

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I thought a time or two we did have some oil get loose and

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2 get in there because I've seen a black rim around it, but
3 upon a close investigation, it was iron sulfide and not oil,
4 and we have not had any problem thus far with this. Of course
5 we watch this very carefully because we don't want any oil in
6 there.

7 Q So right now this sediment that is
8 collected, or oil that's collected, is being processed by
9 some other treating plant in the area.

10 A Yes, sir, uh-huh.

11 Q And you're losing that revenue.

12 A Yes, sir.

13 Q And you'll just your oil and create
14 pipeline quality oil yourselves.

15 A Yes, sir, that's what we would like to
16 attempt to do.

17 Q Now I was just noticing this order
18 that Mr. Kellahin gave me, and I recall the hearing back in
19 1969. There was some consideration given at that time to the
20 possibility that there were some sodium sulfate that could
21 be mined in this area and there was some opposition to your
22 proposal for salt water disposal in these lakes. Has anything
23 ever materialized on that sodium sulfate mining operation?

24 A No, sir, to my knowledge nothing, that's
25 the last I heard of it.

Q I see.

MR. NUTTER: Are there any further questions of Mr. Squires?

MR. KELLAHIN: No, sir.

MR. NUTTER: He may be excused.

Do you have anything further, Mr.

Kellahin?

MR. KELLAHIN: That concludes our case.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7278?

We'll take the case under advisement and a fifteen minute recess.

(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 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. 7272 heard by me on 6/17 1981.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

STATE OF NEW MEXICO
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OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
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I N D E X

LARRY C. SQUIRES

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and operates a company called Pollution Control, which is in the business of disposing of produced -- produced waters in the Lea County area in Laguna Gatuna, which is a natural salt lake, located approximately 30 miles west of Hobbs.

Q Mr. Squires, with regards to the operations of this disposal -- salt water disposal area, have you previously testified before the Oil Conservation Division?

A Yes, sir, I have.

Q And have you made a study of and are you familiar with the facts surrounding this particular application?

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MR. NUTTER: Mr. Squires is so qualified.

Q Mr. Squires, let me show you what we've marked as Applicant Exhibit Number One and have you identify for the Examiner that portion of the facility that's depicted upon that schematic that has been previously approved by the Division.

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20 100 percent of this, but we disposed of approximately twenty
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8

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Does the ranch ownership also include Laguna Gatuna Lake?

10

11

A

Yes, that's right, uh-huh.

12

Q

All right, so the entire facility and the discharged water from the plant is located on Snyder Ranch property?

14

15

A

That's -- that's correct.

16

Q

All right. Now the existing facility is operated pursuant to a Commission order, is it not, Mr. Squires?

18

19

A

That's correct, yes.

20

Q

And that's Order No. R-3725 entered back in April of '69?

21

22

A

That's correct.

23

24

MR. NUTTER: What was that order number again, Tom?

25

MR. KELLAHIN: Here's a copy of that

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2 order, Mr. Nutter.

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4 operations, Mr. Squires, will you be obtaining a Division-
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21 Q This is an earthen dam firewall?

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23 Q And the approximate area contained
24 within the earthen dam is how many square feet, Mr. Squires?

25 A It will be approximately 120 square feet.

Q Okay.

MR. NUTTER: Now what was that, now?

MR. KELLAHIN: The 3-foot high firewall is indicated around the 500 gallon tank and the 250 gallon tanks.

MR. NUTTER: He said 120 square feet. It would have to be more than that.

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Q Sure, it's got to be --

A 120 foot square is what we mean to say.

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16 without a heating and treating facility, there's probably
17 90 percent of this material is lost.

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CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Squires, now at the present you have the facilities shown on your exhibit, being the flotation disposal pits, the offloading area, and those -- those two 750-barrel facilities and the two 210-barrel facilities. Those are all in place, right?

A Yes, sir. Uh-huh.

Q Okay, now when this salt water comes in and is unloaded off the trucks, where is this sediment accumulated that you said the oil processing plants pick up and take away to process? Is it picked up there at those facilities or is it picked up as skim that forms on the pits down here?

A Both. It's picked up from our 500-barrel sales tank over here and it's also skimmed from the flotation --

Q Now that 500-barrel tank, then, is in existence --

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Q -- at the present time.

A -- in existence now. Only the shaded area there is not, is not in existence.

Q Now, that oil is picked up for transfer

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2 to the 500-barrel tank just downstream from the 750-barrel
3 tank over here at the loading docks, or unloading docks?

4 A Yes, sir, it's picked up downstream from
5 the 750-barrel tank.

6 Q Before the stuff could get into the
7 pits?

8 A Yes, uh-huh. Now, the two 250-barrel
9 tanks, of course, there's a lot of this oil that floats over
10 into these tanks prior to even getting into the pits, and
11 from there it's --

12 Q Where are those 250-barrel tanks you're
13 talking about?

14 A 210-barrel.

15 Q 210-barrel, okay.

16 A Yes, sir. In other words, the oil comes
17 off the top of these 750's.

18 Q Uh-huh.

19 A And goes into the --

20 Q And goes into the --

21 A Flows into the 210's and then we trans-
22 fer the oil from the 210's over to the 500 now by way of
23 pipeline.

24 Q Okay, and now some of the oil does get
25 down into the flotation disposal pits.

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A Yes, sir, uh-huh.

Q Now, how do they skim that off?

A We have, on occasion we've used vacuum trucks to come in and vacuum off the top of the fluid. We also have a plastic pipeline and a vacuum pump that's portable that we can move around and actually suck off the top of these.

Q Then as the water migrates down through this maze of gates --

A Yes, sir.

Q -- towards the disposal line that goes to the Gatuna --

A Yes.

Q Laguna Gatuna. that water is getting progressively cleaner and cleaner.

A Yes, sir.

Q Now, when it reaches square "X" down here at the lower lefthand corner, there's no oil in there any more, is there?

A No, sir, Huh-uh.

Q Have you had any problem with oil on Laguna Gatuna at all?

A No, sir, we have not. Now, we have had, I thought a time or two we did have some oil get loose and

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2 get in there because I've seen a black rim around it, but
3 upon a close investigation, it was iron sulfide and not oil,
4 and we have not had any problem thus far with this. Of course
5 we watch this very carefully because we don't want any oil in
6 there.

7 Q So right now this sediment that is
8 collected, or oil that's collected, is being processed by
9 some other treating plant in the area.

10 A Yes, sir, uh-huh.

11 Q And you're losing that revenue.

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16 attempt to do.

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18 that Mr. Kellahin gave me, and I recall the hearing back in
19 1969. There was some consideration given at that time to the
20 possibility that there were some sodium sulfate that could
21 be mined in this area and there was some opposition to your
22 proposal for salt water disposal in these lakes. Has anything
23 ever materialized on that sodium sulfate mining operation?

24 A No, sir, to my knowledge nothing, that's
25 the last I heard of it.

Q I see.

MR. NUTTER: Are there any further questions of Mr. Squires?

MR. KELLAHIN: No, sir.

MR. NUTTER: He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That concludes our case.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7278?

We'll take the case under advisement and a fifteen minute recess.

(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 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. 7278, heard by me on 6/17 1981.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

Case 7278

Post Office Box 1060
Lovington, New Mexico 88260
May 27, 1981

New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

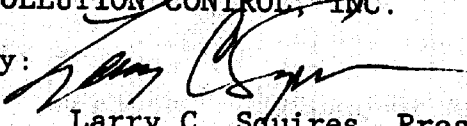
I enclose herewith, in duplicate, Application of Pollution Control, Inc. for a sediment oil treating plant permit. I would appreciate your advising me as soon as possible if this Application is approved and, if so, I will forward a performance bond in the amount of \$10,000.

Thank you for your consideration in regard to this matter.

Very truly yours

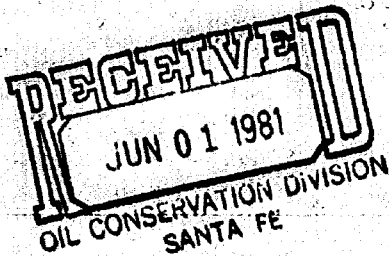
POLLUTION CONTROL, INC.

By:


Larry C. Squires, President

LCS/b
Encls.

cc: New Mexico Oil Conservation Division
Hobbs Office
cc: Environmental Improvement Agency



Dockets Nos. 20-81 and 21-81 are tentatively set for July 2 and 15, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 17, 1981

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for July, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7273: Application of Blanks Energy Corporation for an unorthodox oil well location and possible directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the South line and 900 feet from the East line of Section 16, Township 18 South, Range 35 East, South Vacuum-Devonian Pool, the S/2 SE/4 of said Section 16 to be dedicated to the well. If commercial production is not obtained at said location, applicant proposes to come back up the hole and directionally drill in a westerly direction and bottom the well in the Devonian formation at a standard location in the SW/4 SE/4 of said Section 16.

CASE 7274: Application of Bass Enterprises Production Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its James Ranch Unit Well No. 13 from an unorthodox surface location 660 feet from the South line and 1340 feet from the East line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom said well in the Morrow formation at a standard location at least 660 feet from the South line and 1980 feet from the West line of Section 31, Township 22 South, Range 31 East, the S/2 of said Section 31 to be dedicated to the well.

CASE 7275: Application of S. P. Yates for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East; to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7263: (Continued from June 3, 1981, Examiner Hearing)

Application of Yates Petroleum Corporation for amendment of Order No. R-5527, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5527, which approved an unorthodox Morrow location, to permit the recompletion of its Blevins "IK" Well No. 1 in Unit D of Section 35, Township 17 South, Range 26 East, as an unorthodox gas well location in all Wolfcamp and Pennsylvanian formations.

CASE 7276: Application of Mobil Producing Texas & New Mexico Inc. for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to the following depths underlying the following 40-acre tracts in Township 25 South, Range 37 East: NE/4 SE/4 of Section 4: 3327 feet; NE/4 SW/4 of Section 3: 3215 feet; and NE/4 NW/4 of Section 15: 3206 feet.

CASE 7277: Application of Holly Energy, Inc. for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Beeson Well No. 2 to be drilled 1100 feet from the North line and 2300 feet from the West line of Section 29, Township 17 South, Range 30 East, Grayburg-Jackson Pool, the NE/4 NW/4 of said Section 29 to be dedicated to the well.

CASE 7278: Application of Pollution Control, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the E/2 NW/4 of Section 18, Township 20 South, Range 33 East.

- CASE 7279:** Application of BCO, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Lybrook-Gallup production in the wellbores of the following wells located in Township 23 North, Range 7 West: Dunn Well No. 3 located in Unit I of Section 3 and State H Wells Nos. 3 and 4, located in Units M and D, respectively, of Section 2.
- CASE 7280:** Application of Northwest Pipeline Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Ross Unit Well No. 77 located in Unit L of Section 33, Township 31 North, Range 5 West, to produce gas from the Mesaverde formation and commingled Gallup and Dakota production through separate strings of tubing.
- CASE 7281:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Gallup and Basin-Dakota production in the wellbore of its Windfall Well No. 10 located in Unit F of Section 31, Township 26 North, Range 11 West.
- CASE 7282:** Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wildhorse-Gallup and Basin-Dakota production in the wellbore of his Apache Well No. 3-E located in Unit H of Section 19, Township 26 North, Range 3 West.
- CASE 7254:** (Continued from May 20, 1981, Examiner Hearing)
- Application of Mesa Petroleum Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the W/2 of Section 15, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7270:** (Continued from June 3, 1981, Examiner Hearing)
- Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to its Pecos River Federal 21-A Com Well No. 1 drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7250:** (Continued from June 3, 1981, Examiner Hearing)
- Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 22, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

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. 7278
Order No. R-6718

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 17, 1981,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of July, 1981, 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, Pollution Control, Inc., seeks
authority to construct and operate a chemical and heat-treatment
type oil treating plant in the E/2 NW/4 of Section 18, Township
10 South, Range 33 East, NMPN, Lea County, New Mexico, for the
reclamation of sediment oil recovered from waters trucked in to
applicant's salt water disposal facilities at Laguna Gatuna,
which are operated pursuant to the provisions of Division Order
No. R-3725, dated April 16, 1969.

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

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

-2-
Case No. 7278
Order No. R-6718

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Pollution Control, Inc., is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the E/2 NW/4 of Section 18, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from salt water being disposed of in applicant's salt water disposal facilities located at Laguna Gatuna.

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 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 stated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

S
fd/



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-8434

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

Pollution Control, Inc.

~~Yours very truly,~~

JOE D. RAMEY
Director

Hobbs OCD	<u> </u>	x
Artesia OCD	<u> </u>	x
Aztec OCD	<u> </u>	

Other

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. 4047
Order No. R-3725

APPLICATION OF LARRY C. SQUIRES
FOR AN EXCEPTION TO ORDER NO.
R-3221, AS AMENDED, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 19, 1969, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 16th day of April, 1969, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 effective January 1, 1969, Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, 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 would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(3) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh

water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(4) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(5) That the applicant, Larry C. Squires, seeks an exception to the provisions of the aforesaid Order (3) to permit the disposal of water produced in conjunction with the production of oil or gas, or both, in three natural salt lakes located in Lea County, New Mexico, as follows:

Laguna Plata, sometimes referred to as Laguna Grande, located in Sections 2, 3, 9, 10, and 11, Township 20 South, Range 32 East, NMPM;

Laguna Gatuna, sometimes referred to as Salt Lake, located in Sections 7, 17, 18, 19, and 20, Township 20 South, Range 33 East, NMPM;

Laguna Tonto, located in Sections 32 and 33, Township 19 South, Range 33 East, and Section 4, Township 20 South, Range 33 East, NMPM.

(6) That the subject lakes are situated within the confines of a synclinal feature.

(7) That the water in the aforesaid three lakes is not fresh water.

(8) That that portion of the Triassic red beds underlying said three lakes is virtually impermeable and therefore prevents seepage from said lakes into the sand stringers within said red beds which may contain fresh water.

(9) That as to sands that are in communication with said lakes, the evidence indicates that the major flow of surface and subsurface water within the boundaries of said synclinal feature is toward the subject lakes.

(10) That the evidence indicates that there is no leakage of water from said Laguna Plata and Laguna Gatuna into the adjoining formations.

(11) That the evidence indicates that there may be some leakage of water from said Laguna Tonto into the adjoining formations to the southeast, thence southwestward toward Laguna Gatuna.

(12) That the utilization of Laguna Plata and Laguna Gatuna for the disposal of water produced in conjunction with the production of oil or gas, or both, will not constitute a hazard to fresh water supplies that may exist in the vicinity of said lakes.

(13) That the utilization of Laguna Tonto for the disposal of water produced in conjunction with the production of oil or gas, or both, may constitute an additional threat of contamination of fresh water supplies as designated by the State Engineer existing to the southeast of said lake.

(14) That the evidence indicates that commercial deposits of sodium sulphate (Na_2SO_4) may exist in and/or near the three subject lakes.

(15) That disposal of produced salt water into Laguna Plata and Laguna Gatuna will not interfere with the testing required to determine if there are commercial deposits of sodium sulphate in and/or near the said three lakes.

(16) That said disposal prior to actual mining operations will not impair the value of said sodium sulphate nor render its recovery more difficult.

(17) That this case should be reopened upon the motion of the Commission or any other interested party whenever tests have been conducted which indicate to a substantial degree that commercial deposits of sodium sulphate probably exist in and/or near the subject lakes, at which time all interested parties should be prepared to appear and show cause why continued disposal in said lakes should or should not be allowed.

(18) That the applicant should be authorized to utilize Laguna Plata and Laguna Gatuna for the disposal of water produced in conjunction with the production of oil or gas, or both.

(19) That the request of the applicant to utilize Laguna Tonto for the disposal of water produced in conjunction with the production of oil or gas, or both, should be denied.

IT IS THEREFORE ORDERED:

(1) That the applicant, Larry C. Squires, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, in two natural salt lakes located in Lea County, New Mexico, as follows:

Laguna Plata, sometimes referred to as Laguna Grande, located in Sections 2, 3, 9, 10, and 11, Township 20 South, Range 32 East, NMPM;

Laguna Gatuna, sometimes referred to as Salt Lake, located in Sections 7, 17, 18, 19, and 20, Township 20 South, Range 33 East, NMPM.

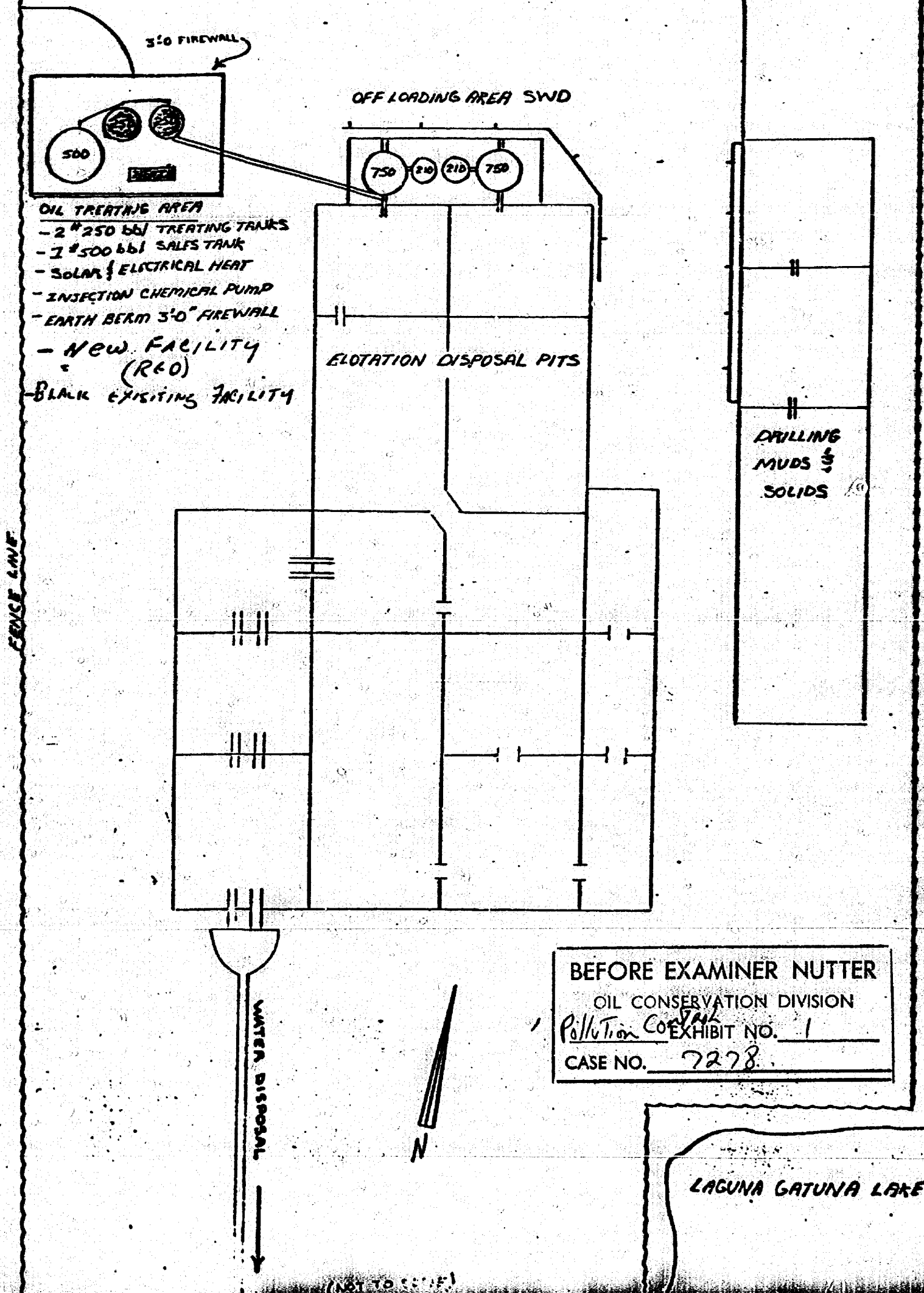
(2) That the application of Larry C. Squires to utilize Laguna Tonto, located in Sections 32 and 33, Township 19 South, Range 33 East, and Section 4, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, for the disposal of water produced in conjunction with the production of oil or gas, or both, is hereby denied.

(3) That the Commission may by administrative order rescind such authority whenever it reasonably appears to the Commission that such rescission would serve to protect fresh water supplies from contamination.

(4) That this case shall be reopened upon the motion of the Commission or any other interested party whenever tests have been conducted which indicate to a substantial degree that commercial deposits of sodium sulphate probably exist in and/or near the aforesaid lakes, at which time all interested parties should appear and show cause why continued disposal in said lakes should or should not be allowed.

(5) That the first person to determine to a substantial degree by tests that commercial deposits of sodium sulphate probably exist in and/or near said lakes shall so notify the Commission, setting forth in writing the supporting facts,

GENERAL LAYOUT



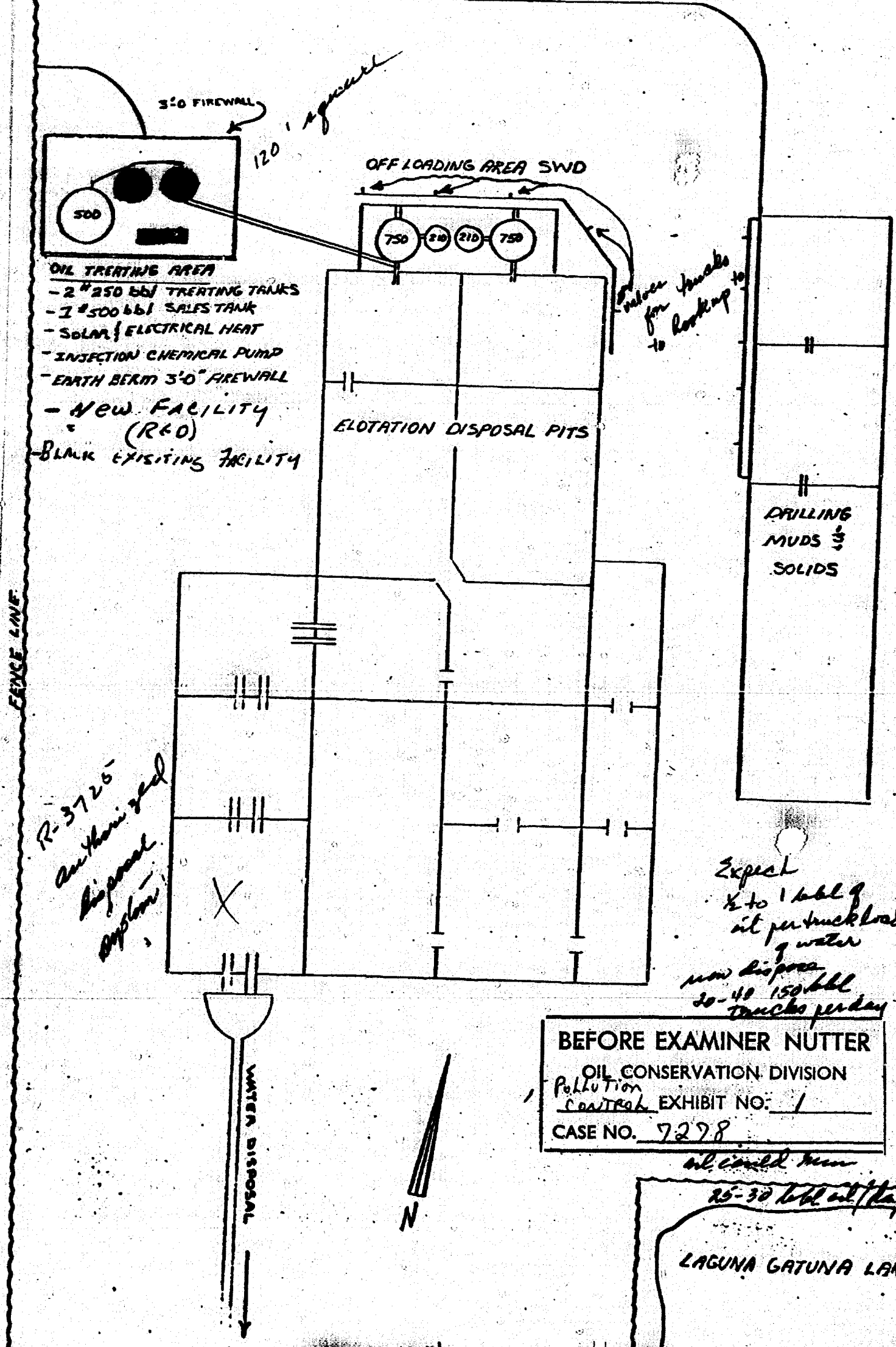
BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Pollution Control EXHIBIT NO. 1

CASE NO. 7278

GENERAL LAYOUT



- OIL TREATING AREA**
- 2 # 250 bbl TREATING TANKS
 - 1 # 500 bbl SALES TANK
 - SOLAR / ELECTRICAL HEAT
 - INJECTION CHEMICAL PUMP
 - EARTH BERM 3'0" FIREWALL
 - NEW FACILITY (R&O)
 - BLANK EXISTING FACILITY

ELUTION DISPOSAL PITS

DRILLING
MUDS &
SOLIDS

R-3725
authorized
disposal
system

Expect
1/2 to 1 bbl of
oil per truck load
of water
now dispose
20-40 150 bbl
trucks per day

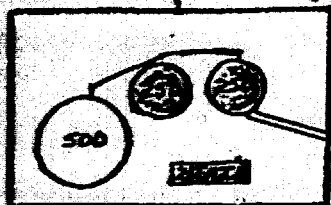
BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Pollution Control EXHIBIT NO. 1
CASE NO. 7278

oil could mean
25-30 bbl oil/day

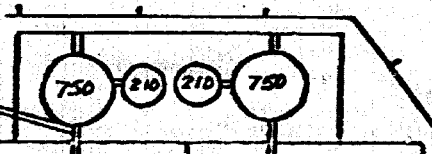
LAGUNA GATUNA LAKE

GENERAL LAYOUT

3'-0" FIREWALL



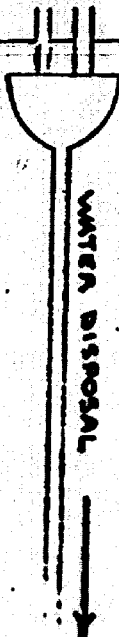
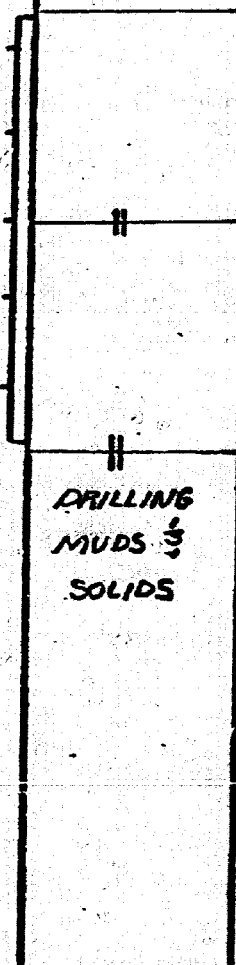
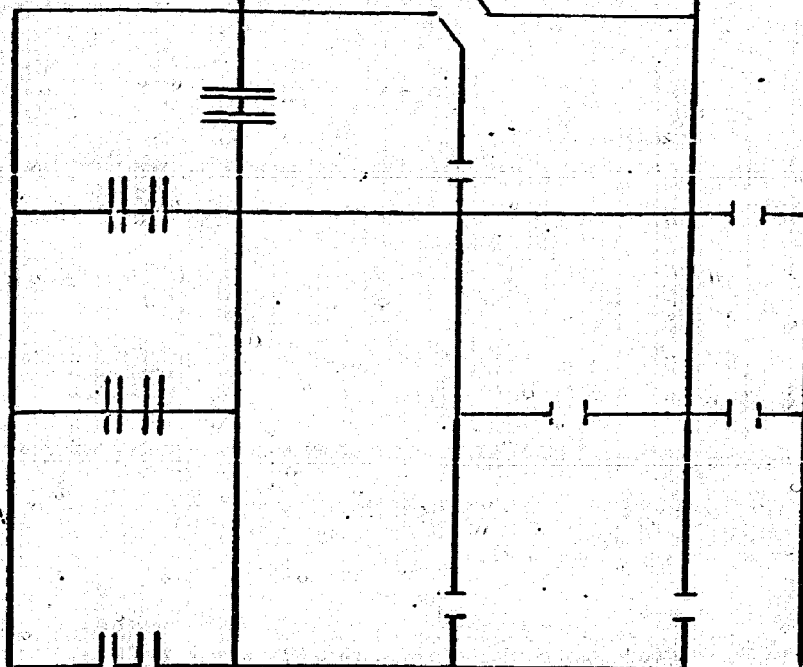
OFF LOADING AREA SWD



OIL TREATING AREA

- 2 #250 bbl TREATING TANKS
- 1 #500 bbl SALTS TANK
- SOLAR / ELECTRICAL HEAT
- INJECTION CHEMICAL PUMP
- EARTH BERM 3'-0" FIREWALL
- NEW FACILITY (R&O)
- BLANK EXISTING FACILITY

ELUTATION DISPOSAL PITS



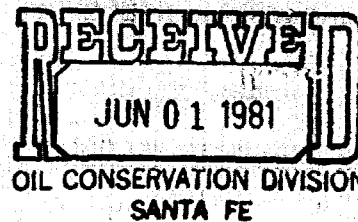
BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

EXHIBIT NO. 1

CASE NO. 7278

LAGUNA GATUNA LAKE



BEFORE THE OIL CONSERVATION DIVISION

ENERGY AND MINERALS DEPARTMENT

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF POLLUTION CONTROL, INC. FOR A)
SEDIMENT OIL TREATING PLANT PERMIT.)

CASE NO. 5228

A P P L I C A T I O N

Applicant, Pollution Control, Inc., Post Office Box 1060, Lovington, New Mexico 88260, hereby applies for a sediment oil treating plant permit, and Applicant states:

1. This Application for a sediment oil treating plant is filed pursuant to Rule 312 of the Rules of the Oil Conservation Division.

2. The proposed location of the sediment oil treating plant is in the E/2 NW/4 of Section 18, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico. Said land is deeded pasture land belonging to the principal stockholder of the Applicant. The nearest residences to said proposed plant location are five miles Northwest therefrom.

3. At present time Applicant receives produced water from approximately a 75 mile radius from various leases in Lea and Eddy Counties. This water is disposed in Laguna Gatuna by Commission Order #3725. This produced water contains various amounts of oil and oil sediments. Tank bottoms and pit oil is also hauled to our disposal site. At the present time the water is separated from sediments and oil through a series of flotation pits.

The proposed additional facilities that are needed for a complete treating plant are two 250 barrel treating tanks and a satisfactory heat source. The source proposed for heating is a passive solar heating system. Supplemental heat will be supplied as needed by electric heating coils. The waste from the plant will be disposed of through existing facilities. The estimated capacity of the plant will be approximately 200 barrels per day.

4. If this Application is approved, before beginning actual operations, Applicant will file with the Division a performance bond in the amount of \$10,000, conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations, and orders of the Oil Conservation Division.

5. Applicant will comply with all requirements and regulations of the Environmental Improvement Agency, and a copy of this Application is being forwarded to said Agency.

6. That the proposed plant and method of processing will efficiently process, treat, and reclaim sediment oil, thereby salvaging oil which would otherwise be wasted.

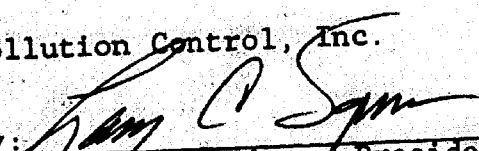
WHEREFORE, Applicant requests orders of the Oil Conservation Division as follows:

A. That this matter be set for hearing before an examiner duly appointed by the Oil Conservation Division and that due notice thereof be given as required by law; and

B. That after hearing, an order be entered granting Applicant a sediment oil treating plant permit pursuant to Rule 312 of the Oil Conservation Division, Energy and Minerals Department, State of New Mexico.

Pollution Control, Inc.

By:


Larry C. Squires, President

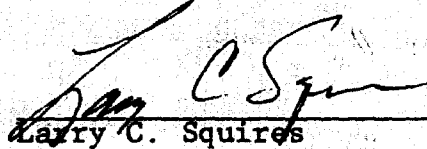
CERTIFICATE OF MAILING

I, Larry C. Squires, President of Pollution Control, Inc.,
hereby certify that on this date, I caused to be mailed true
and correct copies of the foregoing Application to the following:

New Mexico Oil Conservation Division
Post Office Box 1980
Hobbs, New Mexico 88240
Attention: Mr. Jerry Sexton

Environmental Improvement Agency
118 North Turner
Hobbs, New Mexico 88240

DATED This the 27 day of May, 1981.


Larry C. Squires

Application of Pollution Control, Inc. for a Sediment Oil Treating Plant Permit (to be located in E/2 NW/4 of Section 18, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico).

Statement as to Equipment

All tanks will be equipped with vapor-proof positive seal thief hatches.

No portion of the treating system, from storage tank through treating process and into the sales tanks, will permit of or involve any emissions into the atmosphere. The storage tank, sales tanks, treating lines, drain lines, and pipeline will be metal.

The firewall, approximately 120 feet square, will be constructed as an earth dike three feet high.

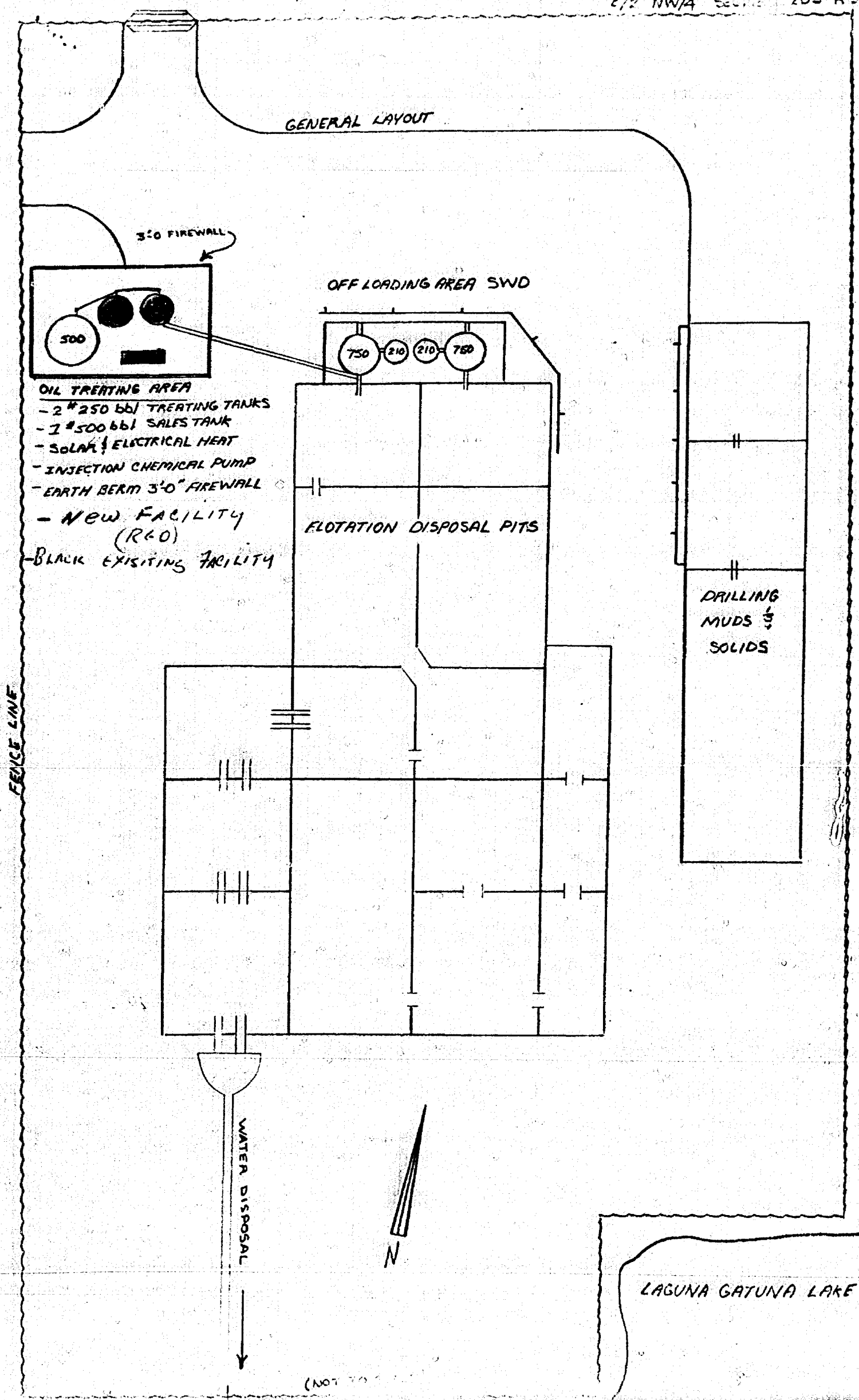
Application of Pollution Control, Inc. for a Sediment Oil Treating Plant Permit (to be located in E/2 NW/4 of Section 18, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico)

Narrative Description of Treating Process

Sediment oil from produced water, tank bottoms, and pits on various leases, located within a radius of about 75 miles from the plant, will be trucked to the treating plant and put into the existing salt water disposal facilities.

The sediment oil will be collected from the flotation tanks and pits and transferred to two 250 barrel treating tanks. Chemicals will be added at this point and the fluid will be heated to approximately 150°. After sufficient time has elapsed to allow the water and sediment (parafin) to settle out, this material will be taken from the bottom of the tank transported to the disposal system by pipeline. The oil will be transported to 500 barrel sales tanks.

GENERAL LAYOUT



- OIL TREATING AREA
- 2 # 250 bbl TREATING TANKS
 - 1 # 500 bbl SALES TANK
 - SOLAR & ELECTRICAL HEAT
 - INJECTION CHEMICAL PUMP
 - EARTH BERM 3'-0" FIREWALL
 - NEW FACILITY (R60)
 - BLACK EXISTING FACILITY

OFF LOADING AREA SWD

FLOTATION DISPOSAL PITS

DRILLING
MUDS &
SOLIDS

WATER DISPOSAL

LAGUNA GATUNA LAKE



(NOT TO SCALE)

Memo

From
FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To

June 17 Hearing

Larry Squires - 5/18/81

Pollution Control Inc.

Oil Treating Plant Permit

E/2 NW/4

Section 18-205-33E

Lea County

OIL CONSERVATION COMMISSION-SANTA FE

ROUGH

dr/

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. 7278

Order No. R-6218

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 17,
19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of June, 19 81, 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, Pollution Control, Inc., seeks
authority to construct and operate a chemical and heat-treatment
type oil treating plant in the E/2 NW/4 of Section 18, Township 20

South, Range 33 East, NMPM, Lea County, New Mexico, for the reclamation of ~~up to approximately~~ ^{saltwater} ~~barrels of~~ sediment oil recovered from waters trucked in to applicant's disposal ~~not operating hours to be obtained from tank bottoms, disposal facilities at Laguna Gatuna, which are operated pursuant~~ ^{water, and waste pits.}

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

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

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Pollution Control, Inc. is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the E/2 NW/4 of Section 18, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from ~~tank bottoms and waste pits~~ ^{salt water being disposed of in applicants} ~~salt water disposal facilities located at Laguna Gatuna.~~

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.

this provision of Division Order No. R-3725, dated April 16, 1969.

(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.~~

(4) 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.