

CASE 2070: Application of the OCC  
on its own motion to consider the  
revision of RULE 311 for sediment oil  
destruction permit.

Case No.

2070

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Application, Transcript,  
and Exhibits, Etc.

**BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO**

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

**CASE No. 2070  
Order No. R-1775**

**APPLICATION OF THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION TO CON-  
SIDER THE REVISION OF RULE 311 OF  
THE COMMISSION RULES AND REGULATIONS.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on September 14, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 3rd day of October, 1960, 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 it has come to the attention of the Commission that in some instances there has been an undue delay between approval of a sediment oil destruction permit (Form C-117-A) and the utilization thereof.
- (3) That accordingly Rule 311 (b) of the Commission Rules and Regulations should be revised to provide that a sediment oil destruction permit must be utilized within ten (10) days after approval thereof by the District Supervisor, with a proviso that one ten (10) day extension can be approved by said District Supervisor.

**IT IS THEREFORE ORDERED:**

That Rule 311 (b) of the Commission Rules and Regulations be and the same is hereby revised to read in its entirety as follows:

No sediment oil shall be burned or otherwise destroyed unless and until the Commission has

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CASE No. 2070  
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approved an application to destroy the same on Form C-117-A (sediment oil destruction permit). Unless the authorization to burn sediment oil is utilized within ten (10) days after approval of the Form C-117-A, such authorization is automatically revoked. However, the District Supervisor may approve one ten (10) day extension in writing for good cause shown. No sediment oil destruction permit shall be required when the sediment oil is put to beneficial use on the originating lease for purposes of culling loose sands, fire walls, tank grades, or other similar purposes.

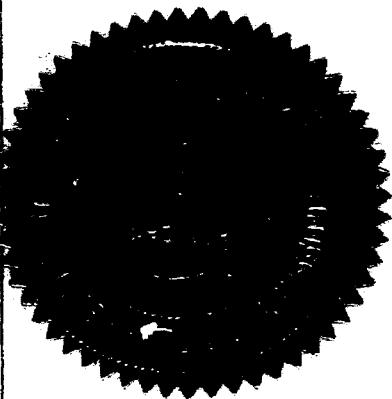
Done at Santa Fe, New Mexico, on the day and year hereinabove designated.

SENATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*  
A. L. PORTER, JR., Member & Secretary



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BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
September 14, 1960

IN THE MATTER OF:

Application of the Oil Conservation Commission on  
its own motion to consider the Revision of Rule  
311 to provide that a sediment oil destruction  
permit must be utilized within ten days after  
approval thereof.

Case  
No. 2070

BEFORE:

Mr. A. L. Porter  
Mr. Murray Morgan

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: Take up next Case 2070.

MR. PAYNE: Application to consider the revision of Rule  
311. I have one witness, Mr. Dan Nutter.

(Witness sworn.)

DANIEL S. NUTTER

called as a witness, having been previously duly sworn, testified  
as follows:

DIRECT EXAMINATION

BY MR. PAYNE:

Q Will the witness please state his name and position?

A Daniel S. Nutter, chief engineer, Oil Conservation Com-  
mission.

Q Are you familiar with the application of the Oil Conser-



vation Commission in Case No. 2070?

A Yes, sir; I am.

Q Would you please refer to Rule 311 of the Commission Rules and Regulations and read the first sentence of Paragraph (b)?

A Rule 311 (b) reads as follows, in the first sentence:

"No sediment oil shall be burned or otherwise destroyed unless and until the Commission has approved the application to destroy the same on Form C-117a.

Q Would you please look at Form C-117a and explain to the Commission what information is contained thereon?

A It is entitled "Sediment Oil Destruction Permit." The information that is presented on the form is the name of the operator, the name of the lease, the location of the lease, the type of sediment oil, whether it is petroleum oil, tank bottoms, or so forth, the estimated gross volume in barrels, and the reason why the sediment oil cannot be salvaged.

Q Now, does this form contain a place for approval by the District Supervisor?

A Yes, sir, it does. It has a place for the approval date to be entered on the form, the person by whom it is approved, and his title.

Q Now, cross-referencing this form back to Rule 311 (b), does that rule contain any time limit within which an approved permit must be utilized?

A No, sir. It contains no limitation on the time in which



the permit can be used.

Q Has it come to the attention of the Commission that in certain instances there has been an undue delay between approval of the Form 117a and the use thereof?

A Yes, sir. There have been instances when the form was not utilized within a reasonably short time, and it was always the intention of the Commission that the permit would be utilized within a reasonable length of time.

Q Why is that?

A One of the important things that is presented on the form is the estimated gross volume of oil that is contained in the pit. If we issue a permit for 20 or 30 barrels of oil, which it is uneconomical to salvage because of the distance from a gathering system, this volume could change if the permit were not utilized within a reasonable time. The volume of oil in the pit 60 or 90 days after the date it was approved may be materially increased and a permit would not be issued for the increased volume of oil.

Q Do you, therefore, recommend that Rule 311 (b) be revised to put a specific time limit in which the approved C-117a must be used?

A Yes, sir; I would recommend that change.

Q And what time limit would you put in this?

A I would recommend that Rule 311 (b) be revised to provide that the permit must be utilized within ten days after the date of approval.



Q In certain instances would it be not feasible to utilize such a permit within the ten-day period?

A There may be instances when ten days would not be adequate. The only reason I can think of would be a time where you might have prevailing winds blowing constantly for ten days towards the tank battery, and you wouldn't want to set the pit on fire for the hazard it might create to the battery. Provision can be made in the revised rule that a ten-day extension could be granted, in writing, by the office which entered the permit.

Q And any further extension would not be granted; they would have to file for a new permit?

A I think in that instance it would be better to get a new permit.

Q Do you have any further comments or recommendations in this case?

A No, sir. I do want to say that I feel that the adoption of the sediment oil destruction permit has been very effective in eliminating a rather sizeable quantity of waste that we once had. One company has advised me that on one lease, in one pool, they have salvaged ten barrels per day average since the utilization of this permit. They were losing oil they didn't know they were losing, in other words.

MR. PAYNE: That concludes the direct examination of this witness.

MR. PORTER: Would anyone like to question Mr. Nutter

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ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691





concerning the proposed change in this Rule 311? Witness may be excused. Anyone have any statement to make concerning the revision? The Commission will take the case under advisement and take up next 2069.

STATE OF NEW MEXICO     )  
                                  ) ss  
COUNTY OF BERNALILLO    )

I, JUNE PAIGE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my hand this 20th day of September, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

  
Court Reporter

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DOCKET: REGULAR HEARING: WEDNESDAY, SEPTEMBER 14, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe, N.M.

**ALLOWABLE**

- (1) Consideration of the oil allowable for October, 1960.
- (2) Consideration of the allowable production of gas for October, 1960, from six prorated pools in Lea County, New Mexico, also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1960.

CONTINUED CASE

CASE 1979:

Application of El Paso Natural Gas Products Company for a hearing de novo before the Oil Conservation Commission in Case No. 1979, Order No. R-1699, which was an application by The Atlantic Refining Company for a pressure maintenance project in the Horseshoe-Gallup Oil Pool, San Juan County, New Mexico.

NEW CASES

CASE 2069:

Application of Benson-Montin-Greer Drilling Corporation for the creation of a new oil pool for Gallup production and for the promulgation of temporary special rules and regulations for said pool. Applicant, in the above-styled cause, seeks an order creating a new pool for Gallup production consisting of the E/2 of Section 7, all of Sections 8 and 17, the W/2 of Section 9, the W/2 of Section 16 and the E/2 of Section 18, all in Township 28 North, Range 13 West, San Juan County, New Mexico. Applicant further seeks the promulgation of special rules and regulations governing said pool including a provision for temporary 80-acre oil proration units. Applicant also requests that allowables for wells in said pool may be transferred to other wells in the pool so that interference tests may be conducted.

CASE 2070:

Application of the Oil Conservation Commission on its own motion to consider the Revision of Rule 311 to provide that a sediment oil destruction permit must be utilized within ten days after approval thereof.

CASE 2071:

Northwestern New Mexico nomenclature case calling for an order for the extension of existing pools in San Juan and Rio Arriba Counties, New Mexico:

- (a) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 8: S/2

Section 9: SW/4

- (b) Extend the Ballard-Pictured Cliffs Pool to include:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM,  
Section 15: SE/4

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM  
Section 17: SE/4

- (c) Extend the Pine Lake-Pictured Cliffs Pool to include:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM,  
Section 31: All (partial)

- (d) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM,  
Section 28: SW/4

Section 29: S/2

Section 30: SE/4

Section 33: NW/4

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM,  
Section 9: SE/4

- (e) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM  
Section 31: N/2

- (f) Extend the Escrito-Gallup Oil Pool to include:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM,  
Section 17: SW/4  
Section 25: NW/4

- (g) Extend the Horseshoe-Gallup Oil Pool to include:

TOWNSHIP 30 NORTH, RANGE 16 WEST, NMPM  
Section 2: SW/4 NE/4  
Section 15: S/2 NE/4

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM,  
Section 21: SW/4 SE/4 & SE/4 SW/4

- (h) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM

Section 30: S/2 SW/4

Section 31: N/2 NW/4

- (i) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM,

Section 7: All

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM,

Section 10: All (partial)

Section 11: All (partial)

Section 14: S/2

Section 15: E/2

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM,

Section 36: E/2

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM,

Section 34: S/2

- (j) Extend the West Blanco-Dakota Pool to include:

TOWNSHIP 32 NORTH, RANGE 12 WEST, NMPM

Section 32: E/2

- (k) Extend the West Kutz-Dakota Pool to include:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM,

Section 8: S/2

Section 17: N/2

CASE 2072:

Southeastern New Mexico nomenclature case calling for an order creating new pools and extending existing pools in Lea and Eddy Counties, New Mexico:

- (a) Create a new oil pool, for Abo production, designated as the Cedar Lake-Abo Pool, and described as:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM,

Section 20: SW/4

- (b) Create a new oil pool, for San Andres production, designated as the West Garrett-San Andres Pool, and described as:

TOWNSHIP 16 SOUTH, 38 EAST, NMPM,  
Section 29: NW/4

- (c) Create a new gas pool for Devonian production, designated as the Henshaw-Devonian Gas Pool and described as:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM,  
Section 24: NW/4

- (d) Create a new oil pool for Devonian production, designated as the Lea-Devonian Pool, and described as:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM,  
Section 12: SW/4

- (e) Create a new oil pool for Yates and Seven Rivers production, designated as the West Tonto-Yates and Seven Rivers Pool, and described as:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM,  
Section 18: N/2

- (f) Extend the Anderson Ranch-Wolfcamp Pool, to include:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM,  
Section 32: E/2 SE/4  
Section 33: W/2 W/2

- (g) Extend the West Crossroads-Devonian Pool, to include:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,  
Section 31: NE/4

- (h) Extend the East Dayton-Grayburg Pool, to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM,  
Section 28: N/2 SW/4

- (i) Extend the Dollarhide-Queen Pool, to include

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM,  
Section 19: NE/4

- (j) Extend the Dublin-Devonian Pool, to include:

TOWNSHIP 26 SOUTH, RANGE 38 EAST, NMPM,  
Section 7: SW/4

- (k) Extend the East E. K. Queen Pool, to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM,  
Section 22: S/2 SW/4  
Section 27: N/2 NW/4

- (l) Extend the North Hackberry-Yates Pool to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM,  
Section 29: S/2 NW/4 and N/2 SW/4

- (m) Extend the Mescalero-Pennsylvanian Pool, to include:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM,  
Section 33: NW/4

- (n) Extend the Pearl-Queen Pool, to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM,  
Section 32: SE/4

- (o) Extend the Ranger Lake-Pennsylvanian Pool, to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM,  
Section 34: E/2 NW/4

- (p) Extend the Warren-Drinkard Pool, to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM,  
Section 36: NW/4