

CASE 2599: Application of JAMES N.
EVANS & DALLAS McCASLAND for permit
to construct plant to reclaim sedi-
ment oil.

Handwritten:
C
J. N. Evans & Dallas McCasland
1947

Case No.

2599

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. 2599
Order No. R-2290

APPLICATION OF JAMES N. EVANS
AND DALLAS MCCASLAND FOR PER-
MISSION TO OPERATE A TREATING
PLANT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 11, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 25th day of July, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 the applicants, James N. Evans and Dallas McCasland, seek permission to operate a sediment oil treating plant to be located approximately one mile west of the Town of Eunice, Lea County, New Mexico, on State Road No. 176.
- (3) That the applicants, James N. Evans and Dallas McCasland, d/b/a Southwest Reclamation Service, a Partnership, have filed a \$10,000 Performance Bond which has been approved by the Commission.
- (4) That the operation of sediment oil treating plants such as the one proposed by the applicants is in the best interest of conservation and prevents the waste of oil otherwise unrecoverable.

IT IS THEREFORE ORDERED:

That the applicants, James N. Evans and Dallas McCasland, d/b/a Southwest Reclamation Service, a Partnership, are hereby granted permission to operate a sediment oil treating plant to be located approximately one mile west of the Town of Eunice, Lea County, New Mexico, on State Road No. 176.

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CASE No. 2599
Order No. R-2290

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 Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Nechem

EDWIN L. NECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary

esr/

GOVERNOR
EDWIN L. MECHAM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. D. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

July 25, 1962

Mr. W. S. Martin, Jr.
Box 63
Lovington, New Mexico

Re: Case No. 2529
Order No. R-2290
Applicant:
Evans & McCasland

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A handwritten signature in cursive script, reading "A. L. Porter, Jr.".

A. L. PORTER, Jr.
Secretary-Director

ix/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

OTHER

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 17, 1962

Mr. Jack Daniels
Daniels Insurance, Inc.
1000 North Turner
Hobbs, New Mexico

Re: Southwest Reclamation Service
Performance Bond - Case No. 2599

Dear Mr. Daniels:

Thank you for your letter of July 13, 1962, enclosing the National Union Fire Insurance Company Performance Bond.

We are returning the bond herewith as we would prefer the use of our standard form for a \$10,000 Treating Plant Bond. Please find enclosed three copies of our standard form. We would appreciate it if you would execute one copy and return the same to our office. The extra copies are for your use in accordance with your request.

We would appreciate your forwarding the executed bond at your earliest convenience.

Please contact us if we can be of additional assistance.

Very truly yours,

JAMES M. DURRETT, Jr.,
Attorney

JMD/esr
Enclosures

C
O
P
Y

DANIELS INSURANCE, Inc.

1000 N. Turner
Hobbs, New Mexico

1962 JUL
July 13, 1962

11:15

Mr. Dan Nutter
Oil Conservation Commission
Land Office Bldg.
Santa Fe, New Mexico

Re: Southwest Reclamation Service
Performance Bond in the amount of \$10,000.00

Dear Dan:

I talked with the principals of the above, Dallas McCasland and James Evans, and they advised me under case No. 2699 you had approved their treating plant, subject to the posting of \$10,000.00 performance bond, which is enclosed.

Since we do not have the order number, I have executed the bond and suggest that you insert the order number, or return the bond to us and give us the order number so that we may insert same.

If the enclosure meets with your approval, will you please acknowledge same through Southwest Reclamation Service with a copy of the letter to us, or if you need anything further, let me know.

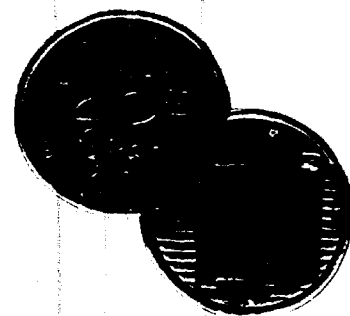
Very truly yours,

Jack Daniels
Jack Daniels

JD:mp

Enclosure

cc: Southwest Reclamation Service
Box 206
Eunice, New Mexico



No. 20-62

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 1962

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

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, as alternate Examiner:

CASE 2595: Application of Humble Oil & Refining Company for approval of
a unit agreement, Eddy County, New Mexico. Applicant, in the
above-styled cause, seeks approval of the Cedar Hills Unit
Agreement comprising 1,440 acres of State land in Township
21 South, Range 27 East, Eddy County, New Mexico.

CASE 2596: Application of Humble Oil & Refining Company for approval of
a dual completion, Lea County, New Mexico. Applicant, in
the above-styled cause, seeks permission to complete its F.
F. Hardison "B" Well No. 2, located in Unit A of Section 34,
Township 21 South, Range 37 East, Lea County, New Mexico, as
a dual completion (conventional) in the Blinebry Oil Pool
and in the Tubb Gas Pool, with the production from each zone
to be through parallel strings of 1½ inch tubing.

CASE 2597: Application of Continental Oil Company for a triple completion,
Lea County, New Mexico. Applicant, in the above-styled
cause, seeks permission to complete its Hawk B-3 Well No. 21,
located in Unit L of Section 3, Township 21 South, Range 37
East, Lea County, New Mexico, as a triple completion (con-
ventional) in the Blinebry, Tubb and Drinkard Pools, with the
production of oil from all zones to be through parallel
strings of 2 1/16 inch tubing.

CASE 2598: Application of W. K. Byrom for compulsory pooling, Lea County,
New Mexico. Applicant, in the above-styled cause, seeks an
order force pooling all mineral interests in a 160-acre gas
unit comprising the NE/4 of Section 23, Township 18 South,
Range 36 East, Arkansas Junction-Queen Gas Pool, Lea County,
New Mexico.

CASE 2599: Application of James N. Evans and Dallas McCasland, d/b/a
Precision Pump and Supply and McCasland Hot Oil Service, for
a permit pursuant to Rule 312 to construct a plant to reclaim
sediment oil near the town of Eunice, in Lea County, New
Mexico.

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Docket No. 20-62

CASE 2600:

Application of Southwest Production Company for a force pooling order, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Basin-Bakota Gas Pool underlying the W/2 of Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico, to be dedicated to a well which has been completed in the NE/4 SW/4 of said Section 10.

lqg/

100 2599

JUN 11 AM 8:13

THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF:

JAMES N. EVANS, d/b/a
Precision Pump and Supply, Eunice, New Mexico

DALLAS McCASLAND, d/b/a
McCasland Hot Oil Service, Eunice, New Mexico

APPLICATION FOR TREATING PLANT PERMIT

Comes now James N. Evans, d/b/a Precision Pump and Supply of Eunice, New Mexico, and Dallas McCasland, d/b/a McCasland Hot Oil Service, of Eunice, New Mexico, and make this application for a permit to construct a treating plant under Rule 312, and for cause of such would respectfully show:

1.

The location of the proposed treating plant is one mile west of Eunice, New Mexico, on state road number 176.

2.

The type of the proposed treating plant is gas fired coil horizontal heater, commonly used on hot oil trucks to quick heat, Viking pump circulated.

3.

The capacity for the proposed treating plant is 250 barrels a day.

4.

That attached hereto and asked to be considered herein as a part of this application is a performance bond in the amount of ten thousand dollars (\$10,000.00) with good and sufficient surety, conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations, and orders of the oil conservation commission of New Mexico.

*Doyle
Miles
6/20/60*

Page -2-

WHEREFORE, the applicants ask that their application be received and filed, and that proper hearing be held as provided for by Rule 312, and that it may please the commission to determine that the proposed plant and method of processing will efficiently process, treat, and reclaim sediment oil, and that upon final hearing hereof that proper permit may issue.

Respectfully submitted,

James N. Evans
James N. Evans

Dallas M. McCasland
Dallas McCasland

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 11, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of James N. Evans and Dallas McCasland, d/b/a Precision Pump and Supply and McCasland Hot Oil Service, for a permit pursuant to Rule 312 to construct a plant to reclaim sediment oil near the town of Eunice, in Lea County, New Mexico.

CASE NUMBER
2599

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The next case is case 2599.

MR. MORRIS: Application of James N. Evans and Dallas McCasland doing business as Precision Pump and Supply and McCasland Hot Oil Service, for a Rule 312 permit.

MR. MARTIN: W. S. Martin, attorney representing Mr. Evans and Mr. McCasland. Mr. McCasland, would you be sworn, please?

MR. NUTTER: Just one witness?

MR. MARTIN: Just one witness.

(Witness sworn).

DALLAS McCASLAND

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1162

ALBUQUERQUE, N. M.
PHONE 243-6691



DIRECT EXAMINATION

BY MR. MARTIN:

Q State your name, please?

A Dallas Mark McCasland.

Q Where do you live?

A 1200 Avenue Gold, Eunice, New Mexico.

Q You are the applicant, together with Mr. James M. Evans, in Case 2599, for - - application for treating plant permit?

A Yes, sir.

Q Where do you propose to locate such?

A Approximately one mile west of Eunice, New Mexico.

Q What type of treater plant do you propose to build?

A Well, it will be a staggered, horizontal, oil-type treater, a centrifugal pump.

Q How large a plant would that be in terms of daily capacity?

A Well, it would be capable of treating - - well, it all depends. It could treat 500 barrels a day, if you had the oil.

Q The process there is to officially process, treat, and reclaim sediment oil; is that correct, sir?

A Yes.

Q From where will it be obtained?

A From the tank bottoms and waste water pits.

Q You are presently in the hot oil business, are you not, sir?

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FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

A Yes, sir.

Q Do you ever, in your business, clean any tanks?

A Yes, sir. we do.

Q Do you propose to obtain sediment from tanks and pits from various wells?

A Yes, sir.

MR. MARTIN: That is all at the moment, sir.

MR. NUTTER: Are there any questions of Mr. McCasland?

CROSS EXAMINATION

BY MR. MORRIS:

Q Are you familiar with the rules and regulations of the Commission, pertaining to the operation of a treating plant?

A Yes, sir, I have read the rules and regulations.

Q And have you already furnished to the Commission a bond as provided for in Rule 312?

A No, sir, not yet.

MR. MORRIS: I would suggest that the bond be furnished, inasmuch as approval of the permits would be dependent upon the bond.

MR. MARTIN: Naturally.

Q (By Mr. Morris) Mr. McCasland, do you intend to purchase and obtain the sediment oil from a particular area? Have you already made arrangements to do this?

A No, sir, not yet, but I believe I can if I get the permit.

A I see. Would you be willing to state, at this time, just what area you would be operating in?



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PHONE 243-0691

A Yes, sir. In the vicinity of Eunice and Jal, New Mexico.

Q What particular pools would be involved in your work?

A I don't understand, you mean the - - the oil pools?

Q Yes, sir.

A All the oil pools.

Q And from the production in that particular area, you would hope to get some tank bottom business?

A Yes, sir.

Q Will you transport these tank bottoms in a - - what type of vehicle?

A Well, sir, I have two vacuum truck tanks, and it would be transported from the tanks. It would be transported clean to the treater plant.

Q Mr. McCasland, you are familiar with our rule to the effect that these tank bottoms, when they are recovered, have to be charged back against the allowable for the particular zones from which they came?

A Yes, sir.

Q Not just the lease, but to the particular pools involved?

A Well, that is all separated in the bottom waste and tanks.

Q Do you foresee any particular problem in cleaning tanks in your accounting procedures and keeping track of exactly how much oil was taken from this particular zone and this particular lease?

A No, sir, unless some tanks are co-mingled. That would be



the only problem we have. We have centrifuge machines and --

Q And you state that you are familiar with the forms C-110 and C-118 that you are required to file with the Commission?

A Well, sir, I am not familiar with them.

Q You are familiar with the fact you have to file them?

A Yes, sir.

MR. MORRIS: That's all. Thank you.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. McCasland, a bit more detail as to the location of the plant?

A One mile west of Eunice. Also we have a site in mind that we can get. It's just about one mile west, isn't it, Jimmie?

MR. EVANS: Approximately one mile west of the City of Eunice on the highway out of town, oil center highway, highway 176,

Q (by Mr. Nutter) At the west edge of the city limits of Eunice on the oil center highway number 176?

A Yes, sir.

Q Now, would you go into a bit more detail as to the description of the plant you are going to install?

A Well, sir, I have built three treaters myself, and it will be 700 feet of 2 inch seamless tubing with the burners in the bottom, centrifugal pumps, circulating pump.

Q In other words, that is going to be mostly a heat treating process that you will put the oil through?

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PHONE 243 0091



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FARMINGTON, N. M.
PHONE 325.1112

ALBUQUERQUE, N. M.
PHONE 243 6691

A Yes, sir.

Q Chemicals also?

A Yes, sir, if necessary.

Q What will the fuel be for the furnace under the heating plant?

A Natural gas, if we can get it. If not, butane.

Q I see, and then from the process of pumping this sediment oil through this 700 feet of tubing and treating it with the additional method of chemicals, you will remove the sediment?

A Yes, sir. Agitation and heat and chemicals. At times it will be necessary to use agitation to treat it.

Q To come up with a salable product?

A Yes, sir.

Q What arrangements have you made to sell this product?

A None, sir. We haven't --

Q Do you have any idea what you will do with the oil?

A Sell it to the pipe lines, if they will take it.

Q You have not made any commitments to any pipe line?

A No, sir. I talked to the Texas-New Mexico.

Q Texas-New Mexico Pipe Line is a prospective purchaser of the oil?

A Yes, sir.

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

MR. MARTIN: You felt it would be a trifle premature to



make any commitments as far as selling oil is concerned, or to make any purchase, until you had gotten your approval through the Commission?

A The first step is to get the permit.

MR. NUTTER: Mr. McCasland, do you have any idea as to when we could expect the bond to be forthcoming?

A Yes, sir, tomorrow or possibly this afternoon.

MR. NUTTER: Are there any further questions of Mr. McCasland? Do you have anything further, Mr. Martin?

MR. MARTIN: Nothing further.

MR. NUTTER: Is there anything else in Case 2599? If not, the Commission will take the case under advisement and take a fifteen-minute recess.

* * *

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PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-669



STATE OF NEW MEXICO)
) ss.
 COUNTY OF BERNALILLO)

I, MICHAEL RICE, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

Michael Rice
 NOTARY PUBLIC

My Commission Expires:

5/11/66

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2579 heard by me on July 11, 1962.
[Signature]
 Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
 PHONE 325-1182

ALBUQUERQUE, N. M.
 PHONE 243-6091

