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ORDER

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.8825
Order No. R-8167

APPLICATION OF C. K. KINSOLVING d/b/a/
KENNETH TANK SERVICE FOR AN OIL TREATING
PLANT PERMIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 19 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of March, 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) The applicant, C. K. Kinsolving d/b/a/ Kenneth Tank Service, seeks authority to construct and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the NW/4 of Section 35, Township 9 South, Range 35 East, NMPM, Lea County, New Mexico, for the processing of approximately 500 barrels of sediment oil per day to be obtained from tank bottoms, disposal water, and waste pits.
- (3) 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) 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) The Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

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

IT IS THEREFORE ORDERED THAT:

(1) The applicant, C.K. Kinsolving d/b/a/ Kenneth Tank Service, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant on a two acre tract of land in the NW/4 of Section 35, Township 9 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) 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) 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.

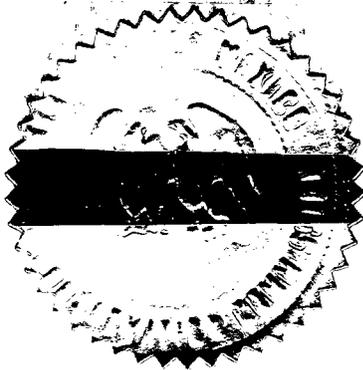
(4) The disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

(5) 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) 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

A handwritten signature in cursive script, appearing to read "R. L. Stamets".

R. L. STAMETS,
Director

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

19 February 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of C. K. Kinsolving d/b/a CASE
Kenneth Tank Service for an oil 8825
treating plant permit, Lea County,
New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Jeff Taylor
Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

R. W. Gallini
Attorney at Law
HEIDEL, SAMBERSON, GALLINI &
WILLIAMS
P. O. Drawer 1599
Lovington, New Mexico 88260

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I N D E X

JOHN STEARNS

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E X H I B I T S

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MR. STOGNER: This hearing will
come to order.

I'm Michael E. Stogner, appointed as Hearing Examiner for today's docket, which is Docket No. 6-86, February 19th, 1986.

We'll call first this morning Case Number 8825, which is the application of C. K. Kinsolving d/b/a Kenneth Tank Service for an oil treating plant permit, Lea County, New Mexico.

Call now for appearances.

MR. GALLINI: May it please the Examiner, I'm R. W. Gallini, with the firm of Heidel, Sam- berson, Gallini & Williams, Lovington, New Mexico, appearing on behalf of the applicant.

I have one witness and that is John Bob Stearns, General Manager of Kenneth Tank Service.

MR. STOGNER: Are there other appearances in this matter?

Will the witness please stand and be sworn in?

(Witness sworn.)

MR. STOGNER: You may proceed,

1 Mr. Gallini.

2

3

JOHN STEARNS,

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

6

7

DIRECT EXAMINATION

8 BY MR. GALLINI:

9

Q Will you please state your name and place
10 of residence, and by whom you are employed?

11

A John Stearns, Crossroads, New Mexico. I'm
12 employed by Kenneth Tank Service.

13

Q And what's your position with Kenneth
14 Tank Service?

15

A General Manager.

16

Q And is Kenneth Tank Service a sole pro-
17 prietorship or a corporation?

18

A It's a sole proprietorship.

19

Q And how long have you been employed by
20 them?

21

A Sixteen years.

22

Q And do you have testimony and exhibits up
23 here to present on behalf of the business?

24

A Yes, I do.

25

Q What business is Kenneth Tank Service en-

1 gaged in?

2 A Oil field servicing and water hauling and
3 stuff.

4 Q All right, and are you talking about
5 transporting --

6 A Transporting water.

7 Q -- to and from locations in the oilfield
8 and does Kenneth Tank Service possess a permit from the New
9 Mexico State Corporation Commission for transporting?

10 A Yes, he does.

11 Q What vehicles does Kenneth Tank Service
12 utilize in its regular course of business?

13 A He transports in a vacuum truck.

14 Q And what is Kenneth Tank Service seeking
15 from the Oil Conservation by the filing of this application?

16 A A permit to reclaim sediment oil and just
17 so, you know, we can just reclaim it as we get it.

18 Q That's all you reclaim with your vacuum
19 trucks?

20 A Yes, uh-huh.

21 Q And where will the proposed treating
22 plant be located?

23 A About a mile south of Crossroads.

24 Q Now I want to show you what I've marked
25

1 as Exhibit Number Two, and by reason that you have a diagram
2 of your facility that's marked Exhibit Number One, and I'd
3 like to ask you if you would describe that exhibit, please?

4 A Okay. That shows the location of our
5 proposed treating plant in relation to the nearest towns,
6 Crossroads and Tatum.

7 Q All right. Now, are there other -- would
8 you say how far is this proposed site from the nearest town?

9 A A little over a mile.

10 Q That's from Crossroads?

11 A Yes.

12 Q How far is it from Tatum?

13 A About seventeen miles.

14 Q Now does Kenneth Tank Service have any
15 other type service in this immediate vicinity?

16 A Yes, we have water station and a --

17 Q Now explain how you will process, treat,
18 and reclaim the sediment oil?

19 A Well, we're just going to gather it and
20 use heat and chemicals to treat it out.

21 Q All right. What equipment will be uti-
22 lized in connection with this proposal?

23 A A couple of 500-barrel tanks and a load-
24 ing line, and that's about it.

25 Q I'm going to show you what's been marked

1 as Exhibit One, which is your facility diagram. Did you
2 prepare that exhibit?

3 A Yes, I did.

4 Q And what are you attempting to show with
5 this exhibit?

6 A Just a simple diagram of how it will be
7 set up.

8 Q All right, and the box that encloses
9 these two tanks is what you're describing as a firewall?

10 A Yes, in case we have a rupture in a tank
11 or something, well, it will -- it will contain the oil --

12 Q Okay, now --

13 A -- and fluid.

14 Q What is the capacity of this proposed
15 facility?

16 A Oh, 500 barrels a day.

17 Q And where do you propose to acquire your
18 sediment oil?

19 A Oh, from tank cleaning and we have some
20 frac tanks and we can gather it out of that.

21 Q It's all that you can pick up in the
22 operation --

23 A Yes.

24 Q -- of the vacuum truck?

25 A Yes, uh-huh.

1 Q What will be your primary market for this
2 reclaimed oil?

3 A Drilling rigs for mud oil.

4 Q Now what's your plan for the disposal of
5 your solid wastes that will accumulate in connection with
6 this proposed oil treating plant?

7 A The Pollution Control in Hobbs (not
8 clearly understood).

9 Q And that's where you'll be disposing of
10 solid wastes?

11 A Yes, uh-huh.

12 Q And how do you propose to dispose of any
13 waste water that might accumulate in connection with this
14 operation?

15 A In a salt water disposal well.

16 Q Is it an authorized facility?

17 A Yes, uh-huh.

18 Q Will you be constructing this -- you have
19 a firewall on your diagram there. Is -- this will be con-
20 structed around, completely around that facility?

21 A Yes, uh-huh.

22 Q And capable of holding the entire capa-
23 city of all these tanks?

24 A Yes, sir.

25 Q Okay, and do you propose to construct any

1 kind of a fire line to encircle this proposed site?

2 A Well, this site is completely surrounded
3 by the minimum of 50-foot of caliche around it.

4 Q Okay, so it exceeds the 15-foot --

5 A Yes, it does.

6 Q -- normal fire line.

7 In your opinion will the proposed plant
8 and method of processing that you're going to use efficient-
9 ly process, treat, and reclaim the sediment oil delivered to
10 this facility?

11 A Yes, it will.

12 Q Do you -- will it prevent the oil from
13 being wasted by salvaging the oil in this manner?

14 A Sure will.

15 Q And have you discussed the operation of
16 this proposed facility with the personnel of the Oil Conser-
17 vation Division in Hobbs?

18 A Yes, I worked with Eddie Seay with the
19 Oil Conservation.

20 Q Did Mr. Seay explain the necessity of an
21 orderly operation with all reports being filed timely and
22 properly?

23 A Yes, he did.

24 Q And are you familiar with the laws of the
25 State of New Mexico and the rules and regulations of the

1 Oil Conservation Division pertaining to treating plants?

2 A Yes.

3 Q Now is Kenneth Tank Service ready, will-
4 ing and able to comply with these laws, rules, and regula-
5 tions?

6 A Yes, they are.

7 Q And has Kenneth Tank Service made
8 arrangements for the \$10,000 performance bond to be filed
9 with the Division if this is approved?

10 A It's in the process right now.

11 Q And what company is that with?

12 A Fireman's Fund.

13 Q All right, and in your opinion will the
14 approval of this application be in the best interest of con-
15 servation?

16 A Yes, I believe it will.

17 MR. GALLINI: We'd move for the
18 introduction of Exhibits One and Two.

19 MR. STOGNER: Exhibits One and
20 Two will be admitted into evidence.

21

22 CROSS EXAMINATION

23 BY MR. STOGNER:

24 Q Mr. Stearns, does your job duties entail
25 that you oversee the construction of this facility?

1 A Yes, it does.

2 Q What is your educational background?

3 A High school and a year and a half of col-
4 lege.

5 Q And you've been with Kenneth Tank Service
6 for sixteen years?

7 A Yes, I have.

8 Q What did you do previous to it?

9 A Contract pump in the oilfield and worked
10 as a salesman for a supply company.

11 Q Does Kenneth Tank Services have any other
12 facilities such as this in Lea County?

13 A You're talking about an oil reclaiming?

14 Q Yes, sir.

15 A No.

16 Q Does your job duties with Kenneth Tank
17 Service -- have you dealt with any of the other oil treating
18 facilities in the area?

19 A I used to deliver chemicals to them, but
20 other than that, no, I haven't.

21 MR. STOGNER: Mr. Gallini, at
22 this time I'm going to accept Mr. Stearns' qualifications as
23 a practical oil and gas man.

24 MR. GALLINI: Thank you.

25 Q Mr. Stearns, how far from State Road 18

1 is this facility?

2 A 200, a little over 200 feet, I think.

3 Q Let's go back to the firewall here --

4 A Uh-huh.

5 Q -- that you show on this outline. How
6 high will that be?

7 A It will be approximately two foot above
8 ground level and two foot below ground level. It will be
9 dug out and built up.

10 Q And that's using the native clays that
11 are in the area?

12 A Well, it's caliche and clay, yes.

13 Q Will the volume of the firewall be such
14 that it can hold the bursting of both tanks?

15 A Yes, it can.

16 Q Will there be a fence around this facil-
17 ity?

18 A It's fenced off, yes, it is.

19 Q All the way around?

20 A Just on three sides, uh-huh, but it is
21 fenced off; it's blocked off.

22 Q And only open to the highway.

23 A Right.

24 Q How thick is the caliche pad at this par-
25 ticular point?

1 A Approximately eight inches, and then it's
2 setting on about a foot rise of caliche, so I'd say 20 in-
3 ches.

4 Q Will there be security at this place at
5 all times or will this be open?

6 A No, I live -- I live fairly close to it
7 and we watch it quite a bit all the time because we have our
8 water station right there. We keep an eye on it all the
9 time.

10 Q Who will be allowed to use this facility?

11 A Just us, Kenneth Tank Service.

12 Q Will there be a lock?

13 A Yes, it will be locked up.

14 Q And so only -- only Kenneth Tank Services
15 will have the key and when they come up they will unlock it
16 and dump the load.

17 A Yes.

18 Q You said the oil that would be treated in
19 this particular facility would be used as drilling -- for
20 drilling rigs, as mud oil?

21 A Primarily as mud oil for drilling rigs,
22 yes.

23 Q All right. If drilling activity was such
24 that you had more oil than what would be taken by the drill-
25 ling, what would be -- how it would be taken care of then?

1 A It would be sold as pipeline oil, I'm
2 sure.

3 Q Do you know who would --

4 A No, I haven't made any arrangements for
5 anything like that. I don't -- probably Navajo, somebody
6 like that.

7 Q Do you foresee that that would be a prob-
8 lem getting rid of that?

9 A No, I don't. I really don't.

10 Q Will there be any chemical, chemical ad-
11 ditives or anything?

12 A Yes. We will use heat and chemicals to
13 treat it.

14 Q Which one is your heating treater?

15 A The sales tank will be the one that will
16 be mainly heated.

17 Q How about fuel?

18 A It's -- it will be heated by a hot oil
19 truck that we'll have to hire; heated by butane.

20 Q All right, so the hot oil truck would es-
21 sentially be the mechanism to heat the oil --

22 A Yes.

23 Q -- and not the tank, per se.

24 A Right, the hot oil truck will heat the
25 oil, yes.

1 Q What chemicals will be in the chemical
2 treatment?
3 A A paraffin dispersant (sic) mainly.
4 Q Do you know what that chemical make-up is
5 on that?
6 A No, I don't.
7 Q Who will be providing that?
8 A Treatolite (sic) more than likely.
9 Q Could you provide after this hearing a
10 brochure, some information on this particular chemical?
11 A Yes, uh-huh, sure could. I can get them
12 to send you something, would that be all right?
13 Q Yes.
14 A Okay.
15 Q Just make sure it's the same one that
16 you're going to be using.
17 A Okay.
18 MR. STOGNER: I have no further
19 questions of this witness.
20 Any other questions of Mr.
21 Stearns?
22 MR. GALLINI: I have nothing.
23 MR. STOGNER: Ms. Bailey, would
24 you please --
25

1 MS. BAILEY: I am Jami --

2 MR. STOGNER: -- identify your-
3 self?

4 MS. BAILEY: -- Bailey with the
5 Environmental Bureau.

6
7 QUESTIONS BY MS. BAILEY:

8 Q How will this water be taken to this
9 disposal well? Will it be piped?

10 A No, ma'am. It will be transported by
11 transport truck.

12 Q Okay. Do you already have a contract
13 with that disposal well that --

14 A Yes, ma'am, we do. We sure do.

15 MR. STOGNER: Are there any
16 other questions of Mr. Stearns?

17 If not, he may be excused.

18 Mr. Gallini, do you have
19 anything further?

20 MR. GALLINI: No, sir.

21 MR. STOGNER: Does anybody else
22 have anything further in this case today?

23 If not, it will be taken under
24 advisement.

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY 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. 8825 heard by me on 19 February 19 86
Michael P. [Signature] Examiner
Oil Conservation Division

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date FEBRUARY 19, 1986 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Henry Brooks	HEYCO	ARTESIA.
W.G. McCoy	Sprinkler	Santa Fe
R.W. Gallini	Kenneth Tank Service	Crossroads
Robert H. Strand	HEYCO	Roswell
GARY PULSAR	Amoco Prod. Co	DENVER
KENT LUND	" " "	"
W. I. Kellobin	Kellobin Kellobin	Santa Fe
Robert A. Bell	Harvey & Yates Co.	Roswell
Karen Cumby	Kellahan + Kellahan	Santa Fe
Clyde Motz	Amoco Prod Co.	Houston, TX
Joseph C. Allen	Amoco Prod. Co.	Houston, TX
JOSEPH R. PARADISO	Santa Fe Energy Co	Midland, TX
Jerry D Webb	Amoco Production Co	Houston, TX
TIMOTHY R. CUSTER	AMOCO PRODUCTION CO	HOUSTON
Ruth Sutton	Danville Hartman	Midland
D. M. Sisson	Amoco Prod. Co.	Midland
CJ Boyce	Amoco Prod	DENVER
William L. Carr	Jampbell & Mack H.	Santa Fe
W.H. Bobe Kuechlich	El Paso Natural Gas	El Paso

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date FEBRUARY 19, 1986 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
J.M. FULLINWIDER Bob Fuhner	V-F PETROLEUM INC. Byron	MIDLAND, TEXAS Santa Fe
Eugene L. Padilla	Phillips & Smyth	S.F.
William Clark	Blackwell & White's	Paragoso
Patrick Tower	Santa Fe Energy Co.	Midland
Curtis Anderson	"	"
Jim Bruce	Huntley Law Firm	S.F.
Paul K. Carlisle	Innesco Oil Co	Houston, Texas
Max Khan	Impero Oil Co.	Houston
R.A. Ulrich	Mendon Oil	Farmington
Gary Bank	MEXICAN OIL	FARMINGTON
Eugene A. Ziemba	Amoco Production Co.	Denver
Daryl J. Zuchin	Amoco Production Co.	Denver.
Chad Dickerson	TXO	Midland
Randall Cate	TXO	Midland
JAMES D. HOWELL	EXXON	Midland
Douglass E. Robison	EXXON	Midland, Tx.
J. BARRY REID	EXXON	Andrews, TX