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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. 6887
Order No. R-6354

1000358
APPLICATION OF GENERAL CRUDE
PROCESSING FOR AN OIL TREATING
PLANT PERMIT, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 7, 1980,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of May, 1980, 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, General Crude Processing, seeks
authority to construct and operate a chemical and heat-treatment
type oil treating plant in the SE/4 SE/4 of Section 21, Township
30 North, Range 12 West, NMPM, San Juan County, New Mexico, for
the reclamation of up to approximately 10,000 barrels of sediment
oil per month to be obtained from tank bottoms, disposal 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, General Crude Processing, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the SE/4 SE/4 of Section 21, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms and waste pits;

PROVIDED HOWEVER, that the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Division;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations and orders of the Oil Conservation Division.

(2) That the operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the site upon which the plant is located.

(3) That dikes, dams and/or emergency pits shall be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location and capable of preventing the escape of any sediment oil, reclaimed oil, or waste oil from the immediate vicinity of said plant.

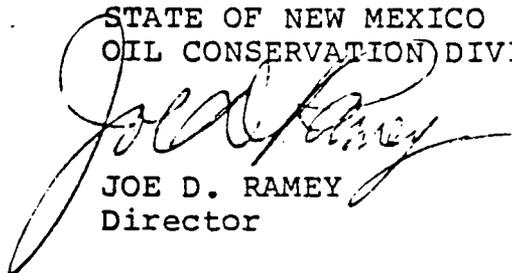
(4) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard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

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 6887
Order No. R-6354

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A large, stylized handwritten signature in cursive script, appearing to read "Joe D. Ramey", is written over the typed name and title.

JOE D. RAMEY
Director

S E A L

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
7 May 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of General Crude Processing) CASE
for an oil treating plant permit, San) 6887
Juan County, New Mexico.)

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: Richard Tully, Esq.
Attorney at Law
Farmington, New Mexico

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I N D E X

TIM MULVILLE

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MR. NUTTER: We'll call next Case Number 6887.

MR. TULLY: May it please the Division, I'm Richard Tully. I'll be representing General Crude Processing. I have one witness to be sworn, Mr. Tim Mulville.

MR. PADILLA: And this is the application of General Crude Processing for an oil treating plant permit, San Juan County, New Mexico.

(Witness sworn.)

TIM MULVILLE

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

DIRECT EXAMINATION

BY MR. TULLY:

Q Would you state your name, please?

A Tim Mulville.

Q Your address?

A Farmington, New Mexico.

Q Occupation?

A I'm Managing Partner of General Crude Processing.

Q And what type of business entity is General

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1 Crude Processing?

2 A. We treat emulsified oil.

3 Q. I now hand you what has been marked as
4 Exhibit Number One. Would you please identify and explain this
5 exhibit?

6 A. This is an exhibit from the State of New
7 Mexico -- excuse me, to the State of New Mexico, describing
8 our treating plant and where the location is, the type treating
9 plant, the capacity, and basically what we do at the plant,
10 or the operation.

11 Q. Would it be fair to say that this is a
12 treating plant which will reclaim, treat, process, or other-
13 wise make tank bottoms or other waste oil marketable?

14 A. That is correct.

15 Q. Going through Exhibit Number One, now,
16 referring now to what's listed there under paragraph number
17 two, would you please describe for us the treatment that you
18 do to this oil to make it marketable?

19 A. Well, there's three processes involved in
20 treating highly emulsified oil.

21 The first one is heat. The second one
22 is chemical. The other one is settling.

23 We use basically non-organic chemicals
24 in the process. Non-organic chemicals have to be used in the
25 process to keep from damaging the catalyst in the refineries.

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1 And that's about as simple as it is.

2 Q Okay. I now hand you what has been marked
3 as Exhibit Number Two. Would you please identify and explain
4 this exhibit?

5 A This is a letter from the State of New
6 Mexico, Energy and Minerals Department, Oil Conservation Divi-
7 sion, and this is dated March 20th, 1980, and it's regarding
8 our treating plant at Flora Vista, and it authorizes us to
9 operate for 60 days pending approval of the application, and
10 there's criteria in here as to the location of the plant,
11 drawings, et cetera, type of plant, chemicals to treat oil,
12 capacity of the storage capacity, et cetera, throughout, and
13 certification from the appropriate fire control agency that
14 we've complied with the local fire safety regulations.

15 Q Okay. I now hand you what has been marked
16 as Exhibit Number Three and also what has been marked as
17 Exhibit Number Four, and would you please identify and ex-
18 plain these two exhibits?

19 A Exhibit Number Three is a plat showing the
20 actual location of the treating plant in Flora Vista, and it
21 shows what's existing in use, what's existing there not in
22 use, and what's also proposed. And basically the whole outlay
23 of the plant.

24 The other one also is another plat which
25 gives the footage from the highway to the plant.

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1 Q Referring to Exhibit Number Three, would
2 you please go through different tanks that you have there, and
3 explain their use in processing this oil, whether they are
4 treaters or holding tanks or --

5 A Okay. The 10,000 barrel capacity, the
6 three 5000 barrel capacities, are holding tanks. 1500 barrel
7 is a holding tank. The two --

8 MR. NUTTER: Now where is the 1500 bar-
9 rel, Mr. Mulville?

10 A That is right next to the water storage
11 pit. It says industrial --

12 MR. NUTTER: Okay, I see it.

13 A That's another. Okay, then again the
14 two small tanks adjacent to it are the treaters that we have
15 on line at the present time.

16 MR. NUTTER: Those are the two facilities
17 that shown connected with a blue line?

18 A That is correct.

19 MR. NUTTER: Those are what, now?

20 A Those are treating tanks.

21 MR. NUTTER: Thank you. Go ahead.

22 A And the other two adjacent to them are the
23 ones that we have proposed and the third one should be put
24 on line next week.

25 Q Would you please describe for us the

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1 present capacity as well as the proposed capacity for your
2 plant?

3 A. The present capacity that we have right
4 now is 11,500 barrel capacity. The total capacity that is
5 there will amount to 26,000, I believe, right in that area.
6 I'm not quite sure, I'll have to look at the total, but it's
7 right in that area, 26,000 barrels.

8 Q. Would you briefly give us the history of
9 this particular plant?

10 A. Yes. The plant was established as a re-
11 finery in 1954. It's been used from 1954 up to this time as
12 a refinery site. It was the, from my understanding, this was
13 the first loading dock ever established in the State of New
14 Mexico.

15 Q. How far away from the nearest fire station
16 is this plant?

17 A. One quarter mile.

18 Q. And where is that fire station located?

19 A. On the highway at Flora Vista.

20 Q. How many loading docks and unloading docks
21 do you have at the present time?

22 A. We have two unloading docks and one loading
23 dock.

24 Q. And would you please show us on either
25 one of these maps where those loading and unloading docks are?

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1 A Okay. Where it indicates industrial area,
2 and the blue lines, we have a loading/unloading facility that
3 goes into the 1500. We have an unloading facility that goes
4 into the 10,000. And we load back out through that blue line
5 from the 10,000 and also load back out where the treating
6 tanks are back up to where it indicates industrial area right
7 there, back into the in-and-out at the present time.

8 Q What are the sources for your sediment
9 oil that you are treating and processing at this time?

10 A We pick up the sediment oil from a lot of
11 the oil companies. I have different contracts with Tenneco,
12 Tesoro, Amoco, let's see, Gulf, and we pick up from pits or
13 tanks that have highly emulsified oil, bring it in, and store
14 it.

15 Q Those are your firm customers, then?

16 A That is correct.

17 Q And who are some of your potential customers?

18 A At this time we've verbally entered into
19 agreements with El Paso Natural Gas, Northwest Pipeline,
20 Supron. I have quite a few other I can't recollect at this
21 particular moment.

22 Q Do you have any type of flaring at this
23 plant?

24 A No. None whatsoever.

25 Q Are you providing an alternative for the

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1 oil and gas industry to the current practice of burning off
2 sediment oil, or otherwise being destroyed by the operators?

3 A. That is correct.

4 Q. Have you filed your performance bond for
5 \$10,000 with the New Mexico Oil Conservation Division?

6 A. It hasn't been filed but we do have it in
7 hand today. It was hand-delivered and it will be filed today.

8 Q. I now hand you what has been marked as
9 Exhibit Number Five, as well as Exhibit Number Six. Would
10 you please identify and explain these exhibits?

11 A. This is a letter from the fire marshal,
12 San Juan County, in Aztec, New Mexico, and I requested inform-
13 ation from him to see if we were in compliance with the uni-
14 form fire code, San Juan County, and he had deficiencies,
15 which are listed, check valves must be placed in the unloading
16 rack; all pipes must be properly supported; all docking will
17 be in accordance with the uniform fire code; remove all waste
18 petroleum presently located in a pond.

19 He gave me specific dates as to when to
20 comply with him, deficiencies one, two, and three by April
21 30th, 1980; deficiency four by June 15th, 1980.

22 The second letter is in response to his
23 and indicates that one, two, and three have been complied
24 with and number four will be complied with by June 15th.

25 Q. Would you be willing to provide a copy

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1 of the final clearance from the fire marshal to the NMOCD
2 when it's available?

3 A. Yes.

4 Q. Would you please describe for us the by-
5 products from your treating plant and what you plan to do with
6 these by-products?

7 A. ~~The by-products after it's settled out is~~
8 ~~drained into a pond. We'll then skim them back into the~~
9 pits -- excuse me, back into our treating process out of the
10 pit and recycle that product until it gets to asphalt. Then
11 at that time we're going to use the asphalt at our plant to
12 improve all the roads at the plant site.

13 ~~Then the water will be back-hauled out to~~
14 ~~the field and they'll recirculate that back into their in-~~
15 ~~jection systems.~~

16 Q. Referring back now to Exhibit Number Four,
17 or excuse me, Exhibit Number Three, the water storage pit,
18 would you please describe for us that water storage pit and
19 you're presently doing with that ~~water storage pit?~~

20 A. ~~That water storage pit has been there~~
21 ~~from the existence of the refinery and when we located on~~
22 ~~this property there was a considerable amount of oil already~~
23 ~~in the pit.~~ We have added to that, of course, on draining
24 our heat-treaters, and as soon as the weather is warm enough
25 we'll skim that back off. ~~But that's basically what it is,~~

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1 ~~water and heavy, emulsified oil.~~

2 Q Would you describe for us, using that same
3 exhibit, the access in and out of this plant for the trans-
4 porters of the sediment oil, as well as the transporters of
5 the processed oil?

6 A We have highway access, paved, into the
7 loading/unloading area, and access is excellent on the high-
8 way frontage all the way through there.

9 Q And would you describe for us what you
10 do with the processed or treated oil after you are finished
11 with it?

12 A That is shipped out to a refinery so they
13 can run it through their process for product.

14 Q Within your treating process I believe
15 you mentioned that one of the steps was to apply heat. What
16 are you presently using to -- for your heat source?

17 A We're using gas tubes at the present time.
18 And the reason we used the gas tubes is to get on line faster.
19 Our plans call for steam generation within six months.

20 Q Is it my understanding that you apply
21 this heat to this sediment oil and those -- the heat is ap-
22 plied to this sediment oil in the treaters, is that correct?

23 A That is correct.

24 Q And where are these treaters located?

25 A On Exhibit Three.

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1 Q. On Exhibit Three?

2 A. Where the blue line is indicated are the
3 first two 400-barrel tanks in the green.

4 Q. Okay. When unloading or loading sediment
5 oil or treated oil, are these treaters shut down?

6 A. That is correct.

7 Q. Has General Crude Processing filed a
8 C-104, Request for Allowable and Authorization to Transport
9 Oil and Gas, with New Mexico Oil Conservation Division?

10 A. No.

11 Q. Have you filed your monthly report on
12 C-118s, Treating Plant Operator's Monthly Report, with New
13 Mexico Oil Conservation Division?

14 A. Yes.

15 Q. Would you describe for us the production
16 you have encountered so far since you've started your opera-
17 tions and what you anticipate in the future?

18 A. Last month approximately 2700 barrels we
19 produced to the refineries, had associated problems for the
20 better part of the month; I should say half of the month.
21 And we anticipate delivering to the refinery 5000 barrels a
22 month starting this month and thereafter.

23 Hopefully, when we get our steam genera-
24 tors on we plan to escalate that to 10,000 barrels a month.

25 Q. When you receive sediment oil from the

1 operator of a particular lease, do you notify that operator
2 when you have recovered pipeline oil from the sediment oil
3 that they have tendered to you?

4 Do you have procedures set up to do that?

5 A. For pipeline oil?

6 Q. Yes.

7 A. We don't receive pipeline oil.

8 Q. You don't?

9 A. No.

10 Q. In your opinion will the approval of the
11 treating plant permit provide for the further recovery of
12 sediment oil which would not otherwise be recovered and used,
13 which would thereby prevent waste?

14 A. That is correct.

15 Q. Further, in your opinion will this plant
16 and the method you will be using to process this sediment oil
17 effectively and efficiently process, treat, and reclaim this
18 sediment oil?

19 A. Yes.

20 Q. Would you request of the New Mexico Oil
21 Conservation Division that if they take this case under ad-
22 visement that they provide you with a further extension past
23 the 60 days until such permanent permit is issued?

24 A. Yes.

25 Q. Were these exhibits prepared under your

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1 supervision and control?

2 A. That is correct.

3 MR. TULLY: At this time I would move for
4 the introduction into evidence of Exhibits One through Six.

5 MR. NUTTER: Applicant's Exhibits One
6 through Six will be admitted in evidence.

7 MR. TULLY: And I have no further ques-
8 tions, Mr. Nutter.

9

10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q. Mr. Mulville, now these treating tanks
13 that you mentioned, are they treaters or treating tanks?

14 A. Treating tanks.

15 Q. And you mentioned that at the present
16 time you're using gas tubes. Do the gas tubes go right through
17 these tanks and transmit the -- and is there a fire inside
18 those tubes --

19 A. There is.

20 Q. -- that just transmits the heat into the
21 tank?

22 A. That is correct. They're a tube that goes
23 in and comes back out. It's a sealed tube that has a fire
24 within it. That is correct.

25 Q. So you have a fire actually in the bottom

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1 of the tank there in this tube that goes in and out of the
2 tank.

3 A. Yes, sir.

4 Q. Okay. Now, you're going to convert this
5 to steam, is that it?

6 A. Steam generation, yes.

7 Q. And you will have an outside generator of
8 steam there, burning some sort of fuel, and then pipe in hot
9 steam through the tank?

10 A. That is correct.

11 Q. Will it take more tubes in there than you
12 have at the present time?

13 A. Well, that would be a point that we'd have
14 to ponder on a little bit. Our tubes that we use now are a
15 lot larger for the simple reason that it's gas-driven, natural
16 gas-driven.

17 Q. What is the diameter of those fire tubes?

18 A. Well, one of them is 6-inch and one of
19 them is 8-inch.

20 Q. I see.

21 A. Now, as far as steam generation, it
22 wouldn't take that large of a tube.

23 We have another plant in Wyoming, in
24 Powell, Wyoming, and that's all steam generated, and them
25 tubes aren't quite that large. They're usually 1-inch, 2-inch

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1 tubes.

2 Q I see.

3 A There's a lot of them but I don't know
4 what would balance out that way.

5 Q Now I don't notice any dikes around these
6 two existing treating tanks nor the proposed treating tanks.

7 A There is a dike where it says water
8 storage pit. There's a dike that runs across that and to the
9 back side. Until we get our other treaters in the fire mar-
10 shal said to leave the diking area off of the other side,
11 which would be the red tanks. There will be a dike running
12 parallel to them.

13 This is sitting in a ravine and has a
14 natural diking system between the loading ramps and the blue
15 lines where it says industrial area. There's a natural --

16 Q There's an embankment that comes down
17 like --

18 A Yes, that is correct, there is an embank-
19 ment there. It's a natural dike. It runs all that length,
20 and then we have the diking on the back side.

21 As soon as we get our other treaters in,
22 then that will go over to the loading ramp across there.

23 Q How about the two ends of this?

24 A That's dike on the ravine. The water
25 storage pit has a dike across it. That's all in the same

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1 ravine,

2 Q So everything is enclosed in a depressed
3 area; then, in here;

4 A That is correct.

5 Q And then these holding tanks, the large
6 ones, they all appear to be diked. Are they up above this
7 ravine where the treating tanks are?

8 A Yes, sir, they are.

9 Q And they do have dikes around them?

10 A Yes, sir, they do.

11 Q Now, what about this thing that's indi-
12 cated up here in the upper righthand corner of Exhibit Three.
13 It says storage reservoir. What is that?

14 A This has nothing to do with the existing
15 facility. That was a storage reservoir that was used when the
16 refinery was there.

17 Q What was it used to hold, water?

18 A For the cooling tower, yes, it sure was.
19 In fact, that's being pulled out. All the old crackers and
20 the -- all the pressurized vessels and all that, the boilers,
21 the old boilers are all torn down now and being moved out.

22 Q So that storage reservoir there will not
23 be used any more.

24 A No, sir.

25 Q Now, this water storage pit, is this the

1 one that the fire marshal had reference to that has waste
2 petroleum in it?

3 A. That is correct.

4 Q. And when you comply with his request that
5 the waste petroleum be removed, will that leave some sort of
6 emulsion or water or something in there?

7 A. What we're planning on doing is in the
8 very edge of that, mouth of that pit, we're planning on in-
9 stalling another 1500 barrel tank, so when we drain off of our
10 heat-treaters that emulsion will go into a tank. Then the
11 water will be driven off when the emulsion comes in there
12 into the water storage pit, so basically the only thing that
13 will eventually go into the pit will be water. The emulsion
14 will be put into a 1500 barrel tank and then we'll pull that
15 back off and recycle it.

16 Q. And do you have a permit for water dis-
17 charge from the EID or from any other agency of this state?

18 A. No.

19 Q. But you would be discharging water into
20 that pit.

21 A. Yes.

22 Q. That's not a lined pit, is it?

23 A. No, that -- it's been there since 1954.

24 Q. Now, you're receiving sediment oil, being
25 tank bottoms and pit oil, from numerous producers, and you

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1 anticipate to get some more. What is the product of this
2 plant, pipeline quality oil?

3 A. No, no. To give you an example, basically
4 the oil that I have been -- I started with, came from Aneth
5 Field. We're pulling out of some other fields here in New
6 Mexico now, just started, and the specific gravity of the
7 Aneth oil is around 40-42 gravity. The oil that we pull from
8 them out of the pits, since it's oxidized and emulsified,
9 it runs around 32-32.5.

10 Q. This is what you're picking up from them.

11 A. That is correct. So there's quite a bit
12 of difference in the gravity of it.

13 Q. Now what's the quality of the oil that
14 you -- that is the product of your plant, then?

15 A. I don't follow you there, sir.

16 Q. Well, what are you making here in this
17 plant?

18 A. Oh, okay, it's highly emulsified. In
19 other words the BSW runs anywhere from 25 in BSW as high as
20 90 percent.

21 Q. Well, this is when you pick it up.

22 A. That's correct. Then we treat it --

23 Q. When you finish treating it, that's what
24 I want to know what you have when you get through treating it.

25 A. Okay. We take all the oil that we do have

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1 to 1 percent or less BSW, and through the refinery that we're
2 shipping to now, has to be .5 or less, and basically we've
3 been shipping .3.

4 Q Well, this is pipeline quality oil, then.

5 A Oh, going back in, yes. I misunderstood.

6 Q Well, that's what I meant.

7 A Oh, I'm sorry.

8 Q The product of your plant is pipeline
9 quality oil.

10 A Yes, that is correct.

11 Q And then these residues that you have
12 left over, you pass them into this pit. I guess it's -- I
13 don't know if it's residues that you'll have in the future or
14 residues you have now with this waste petroleum that's in
15 the pit, but they would be recycled back into the plant and
16 continuously processed until you have nothing left but asphalt,
17 which would be used for --

18 A Road material.

19 Q -- road material.

20 A That is correct.

21 Q And I think you mentioned that water that
22 you will be deriving will be back-trucked to the leases?

23 A That is correct.

24 Q And the operator would dispose of that
25 water with whatever other water system he has there.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 A. Yes, sir. I've made arrangements on
2 that. That goes actually back up to Aneth Field.

3 Q. So your tank trucks come in bringing the
4 sediment oil and they'll go back carrying the water.

5 A. That's correct.

6 Q. Now you say you do have your bond with
7 you today and it's going to be filed today?

8 A. Yes, sir.

9 Q. Now, in your letter to the fire marshal,
10 your letter was dated -- it doesn't have a date on it, but
11 you stated that items one, two, and three have been corrected
12 or will be corrected, and in your testimony you mentioned
13 that they had been corrected. Have these, in fact, all been
14 done?

15 A. One, two, and three have been complied
16 with.

17 Q. They have been done?

18 A. Yes.

19 Q. And then remaining is item four, which
20 is the pond there, and you're waiting for the stuff to warm
21 up a little so you can skim it out better.

22 A. That is correct.

23 Q. And it will be accomplished by June 15th.

24 A. Yes, sir.

25 MR. NUTTER: Are there any further ques-

SALLY W. BOYD, C.S.R.
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Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 tions of Mr. Mulville?

2 MR. CHAVEZ: Yes sir.

3 MR. NUTTER: Yes, sir, Mr. Chavez.

4 MR. CHAVEZ: I'm Frank Chavez, Supervisor
5 of the Aztec District.

6 Mr. Mulville, in assessing the need for
7 such a plant, could you describe a couple of pits which you
8 have noted within the area and the quantities of oil that
9 you expect to recover from these pits?

10 A. Yes, sir. I'll give one example in the
11 Hospah area. I have seven pits which are approximately 50x75
12 and they contain 3 to 4 feet of oil in each pit. We estimate
13 there's 40,000 barrels of product there to be removed.

14 Cedar Hills area, I observed a pit. It's
15 about 60x20 and it contains 2000 barrels of oil.

16 There's numerous pits in the area like
17 that.

18 Aneth, which is not in the State of New
19 Mexico, I have one pit. It's 175x100x7 feet, which basically
20 comes out to around 34,000 barrels of oil.

21 And there's numerous pits all over the
22 field that I have observed and the product is there.

23 MR. CHAVEZ: Also, Mr. Mulville, after you
24 pull, say, the large number of pits that are available, what
25 would you consider your average daily, say, production of oil,

SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501
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1 say, once you get all the big pits pulled and start going to
2 a regular scheduled type of pit?

3 A. We can still maintain the 5000 barrel a
4 month production and later on the 10,000 barrel a month pro-
5 duction.

6 MR. CHAVEZ: So the supply is there?

7 A. The supply is there.

8 MR. CHAVEZ: And how much of that -- your
9 product, pipeline quality oil, will be available for New
10 Mexico refineries?

11 A. At the present time it's not going to New
12 Mexico refineries, but I'm in the negotiation stage. In fact
13 yesterday, to change that situation. So basically I would
14 say the majority of it will be going to New Mexico in the
15 near future.

16 MR. CHAVEZ: That's all the questions I
17 have.

18 MR. NUTTER: Are there further questions
19 of Mr. Mulville? Yes, sir.

20 MR. GHOLSON: Charles Gholson, OCD, Aztec
21 I have one question.

22 You stated that you're hauling all your
23 water back to Aneth now, right?

24 A. Not at the present time, no.

25 MR. GHOLSON: Excuse me, that's what you

SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 propose to do.

2 A. Yes.

3 MR. GHOLSON: Okay. Well, after you start
4 getting this oil, say, at Hospah are you still going to be
5 hauling the water to Aneth?

6 A. Yes.

7 MR. GHOLSON: All water?

8 A. Is going to go to Aneth.

9 MR. GHOLSON: To be disposed of in Utah?

10 A. Yes, sir.

11 MR. GHOLSON: Thank you.

12 MR. NUTTER: Are there any more questions?

13 The witness may be excused.

14 Anything further, Mr. Tully?

15 MR. TULLY: No, sir.

16 MR. NUTTER: Does anyone have anything
17 they wish to offer in Case Number 6887?

18 MR. CHAVEZ: May I make a statement, Mr.
19 Examiner?

20 MR. NUTTER: A statement?

21 MR. CHAVEZ: Yes.

22 MR. NUTTER: From you?

23 MR. CHAVEZ: Yes.

24 MR. NUTTER: Okay, make your statement.

25 MR. CHAVEZ: As Mr. Mulville stated, there

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 is a need for the plant, basically because of the number of
2 pits in the area in which oil has accumulated over some time.

3 So I've been working closely with Mr.
4 Mulville on locating pits and making determinations as to the
5 quantity and the quality of oil in the pits before we allow
6 any -- any type of other disposition of the oil.

7 But basically there is presently a need
8 for a type of treatment plant in the area.

9 MR. NUTTER: Thank you. Does anyone else
10 have anything to offer in Case 6887?

11 We'll take the case under advisement.

12
13 (Hearing concluded.)
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SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501
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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 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 C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

6887
80
5/7




GENERAL CRUDE PROCESSING

P. O. Box 2609, Farmington, New Mexico 87401 ☐ 505-327-6946

March 20, 1980

State of New Mexico
Energy & Minerals Department
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

This is our application for a Treating Plant under your Rule 312 of the Rules and Regulations contained in the State of New Mexico Energy and Minerals Department, Oil Conservation Division.

1. The location of the plant is in Flora Vista, commonly referred to as the "Old Bee Line Refinery." Attaches is plat, color coded with explanations of our operation at present and proposed.
2. The type of plant is a Treating Plant as above mentioned, which treats Sediment Oil, Emulsion, Basic Sediments, and Tank Bottoms. The process we use is Heat and Non-organic Chemicals, then settling of same. This, in turn, goes back to the refinery for their process. We operate this same type process in Powell, Wyoming under the name of Crude Processing and have had great success for quite some time now and are expanding this needed service in New Mexico.
3. Capacity - We currently have treating capacity of 800 BBL and storage capacity of 26,500 BBL. Fire-wall design and capacity are earth compacted fill and capacity is 50 percent greater than each tank. Pit - One only, earth compacted fill and capacity of 12,000 BBL. Feedstock comes from all over the Four Corners area, such as pit's tank bottoms,

APPLICATION FOR OIL TREATING
PLANT PERMIT BY GENERAL CRUDE
PROCESSING
CASE NO. 6887
EXHIBIT NO. _____



GENERAL CRUDE PROCESSING

P. O. Box 2609/Farmington, New Mexico 87401 ☏ 505-327-6946

Page -2-

swab oil, etc. The oil is put into our storage tanks, treated, shipped out to refinery. The waste is put into our pit, then recycled into our treaters then back to the refinery. When this material gets to asphalt then we use it at the plant for road material. The water from the pit is then transported back to the well sites for their injection systems.

4. Attached is Certification from appropriate Fire Control Agency.

I feel this is a greatly needed service to New Mexico, as we can stop the opening, burning and covering up of pits and put this product that has been a continual problem from the first day the first well was drilled. We can successfully treat this so called waste oil and put it back into our Oil inventory that this country so badly needs.

Thank you for your consideration in this application.

Sincerely,

Tim Mulville

TM/IE



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

March 20, 1980

Mr. Tim Mulville
General Crude Processing
P. O. Box 2609
Farmington, New Mexico 87401

Re: Flora Vista treating plant

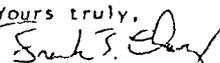
Dear Mr. Mulville:

The letter authorizes you to operate the referenced plant for a period of sixty (60) days from the above date pending approval of your application. However, you are directed to file the required performance bond immediately or this authority will be rescinded.

Your application should contain the following information in detail:

1. Location of plant - show schematic drawing of plant, its location to highways, residences and any outstanding topographic features.
2. Type of plant - describe processes and chemicals used to treat oil.
3. Capacity - describe treating capacity and storage capacity; describe firewall design and capacity, and pit design and capacity; describe sources and quantities of feedstock and disposition of crude oil and plant wastes, residues and water.
4. Certification from appropriate fire control agency that plant complies with local fire safety regulations.

If you have any questions, please don't hesitate to contact this office.

Yours truly,

Frank T. Chavez
District Supervisor

xc: Oil Conservation Division, Santa Fe

FTC:no

APPLICATION FOR OIL TREATING
PLANT PERMIT BY GENERAL CRUDE
PROCESSING
CASE NO. 6887
EXHIBIT NO. 2

R. E. KARLIN
CHAIRMAN

ROBERT L. BATLEY, JR.
MEMBER

LINN R. BLANCETT
MEMBER



FIRE MARSHAL

SAN JUAN COUNTY
112 SOUTH PASEO VERDE AVE.
AZTEC, NEW MEXICO
87410

DAVID A. VARGAS
MANAGER

DON MCGONIGLE
FIRE MARSHAL

Mr. Tim Mulville
General Crude Processing
P.O. Box 2609
Farmington, NM 87401

Dear Mr. Mulville:

Per your request concerning whether your reclaiming oil facility in Flora Vista is in compliance with the Uniform Fire Code, (San Juan County Ordinance #6). As you are aware deficiencies exist which should be corrected:

1. Check valves must be placed at the unloading rack.
2. All pipes must be properly supported.
3. All diking will be in accordance with the Uniform Fire Code.
4. Removal of the waste petroleum presently located in a pond.

Deficiencies No. 1, 2, and 3 above should be corrected no later than April 30, 1980, and deficiency No. 4 should be corrected by June 15, 1980.

When the above deficiencies have been corrected, and no further expansion is noted your facility will then be in compliance with the Uniform Fire Code.

If I can be of any further assistance to you, or answer any questions you may have, please do not hesitate to call on me at the above number.

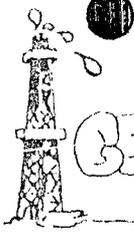
Yours in fire protection.

Sincerely,

Don McGonigle
Fire Marshal

DM/jb

APPLICATION FOR OIL TREATING
PLANT PERMIT BY GENERAL CRUDE
PROCESSING
CLASS. NO. 2487
DOCUMENT NO. 5



GENERAL CRUDE PROCESSING

P. O. Box 2609/Farmington, New Mexico 87401 505-327-6946

Fire Marshal
San Juan County
Mr Don McGonigle;

Dear Mr McGonigle;

Per you letter dated April 07, 1980, on compliance with the Uniform Fire Code, (San Juan County Ordinance #6). The deficiencies which you outlined have been corrected or will be corrected prior to the ~~date~~ the dates indicated in your letter.

1. Check valves are in place at the unloading rack.
2. All pipes that we use are now properly supported.
3. All diking for our operation currently used are now complied with.
4. Removal of waste petroleum presently located in pond will be complied with by June 15, 1980.

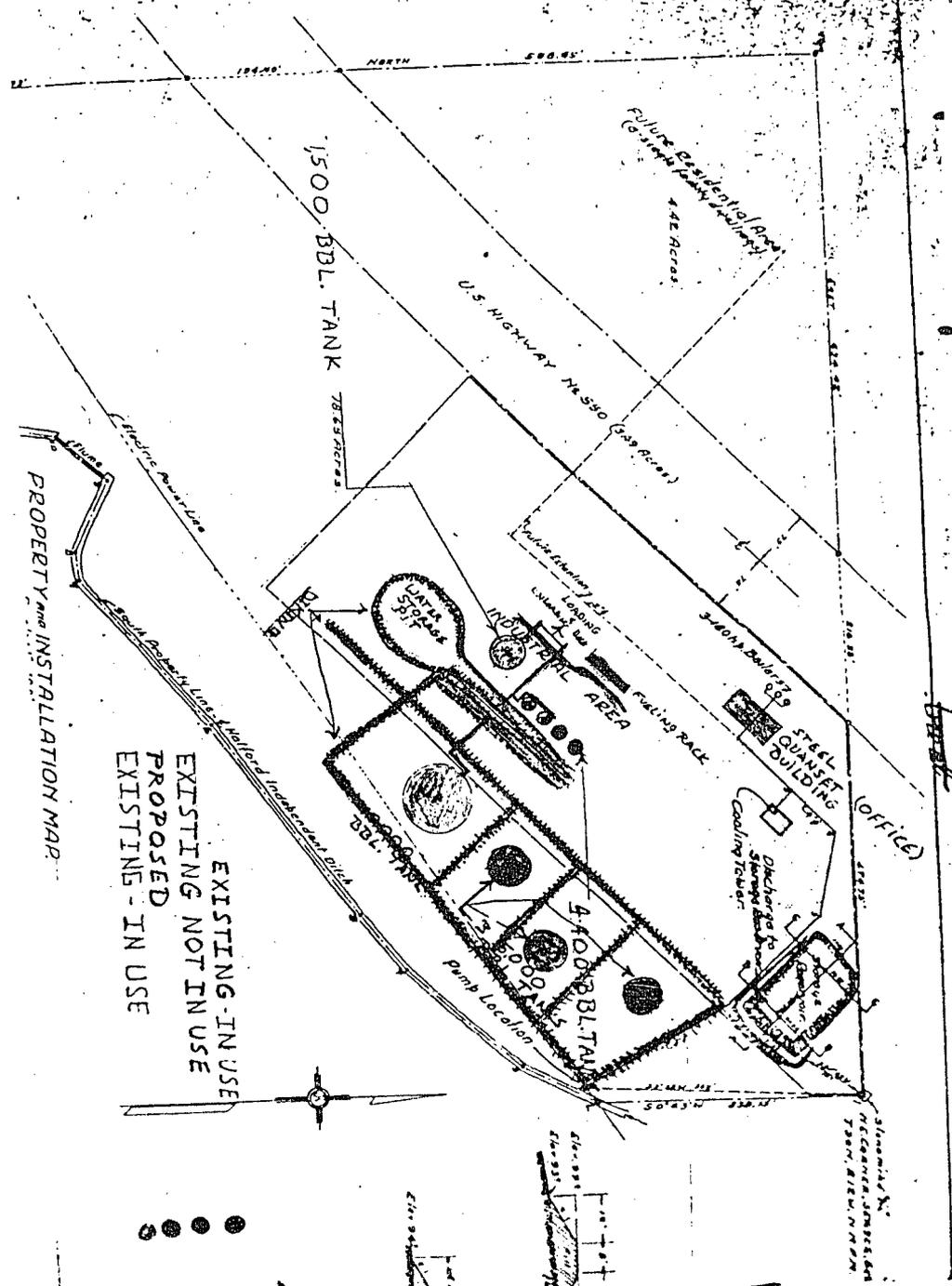
Thank you for your time and consideration in these matters.

Sincerely,

Tim Mulville

cc:file
TM/gm

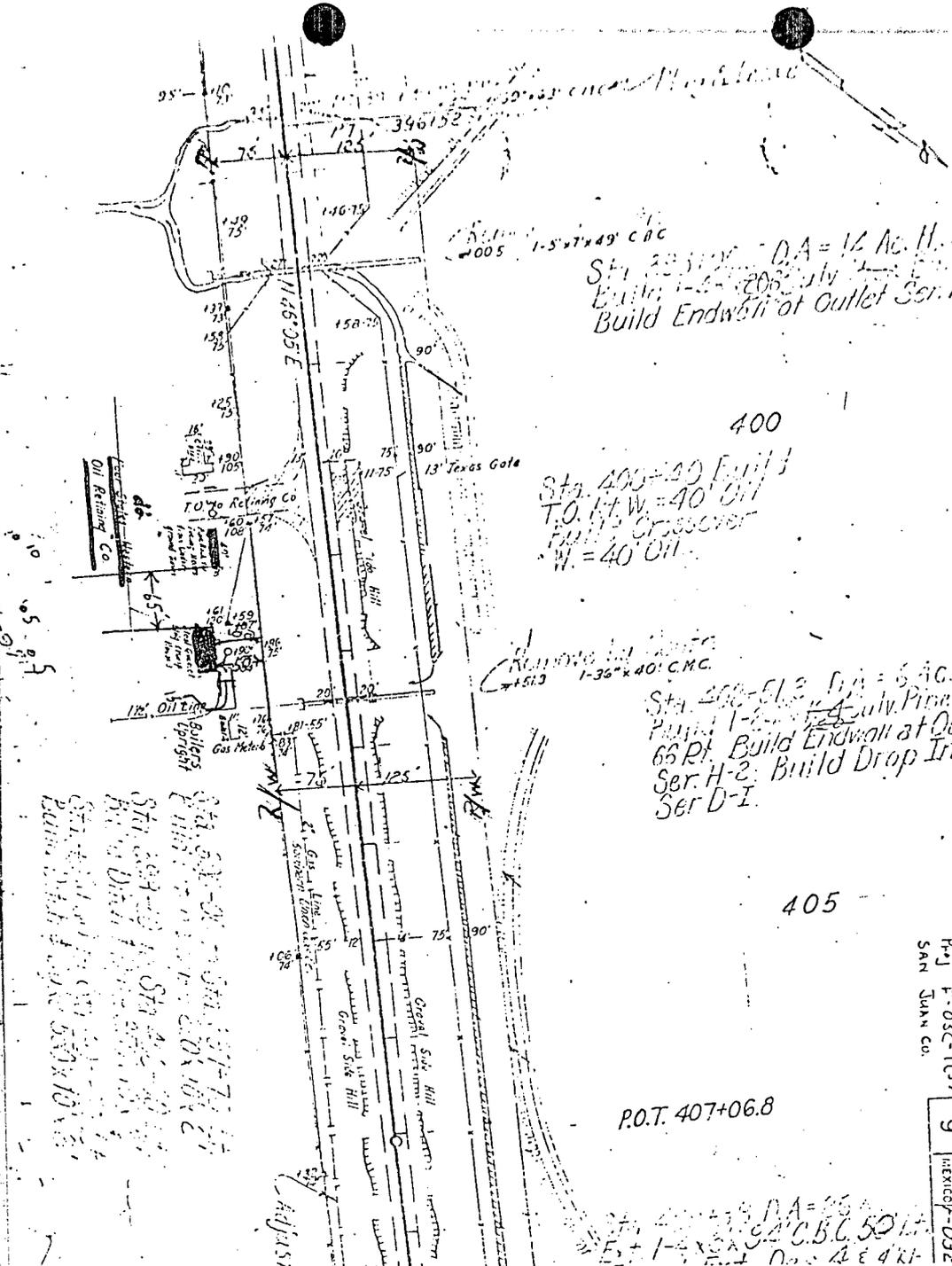
APPLICATION FOR OIL TREATING
PLANT PERMIT BY GENERAL CRUDE
PROCESSING
CASE NO. 6887
DISTRICT NO. 6



PROPERTY AND INSTALLATION MAP

EXISTING - IN USE
 EXISTING NOT IN USE
 PROPOSED
 EXISTING - IN USE

APPLICATION FOR OIL TREATING
 PLANT PERMIT BY GENERAL ORDER
 PROFESSIONAL
 CASE NO. 6987
 EXHIBIT NO. 2



Sta. 395+00 D.A. = 12 Ac. H.
 Build Endwall at Outlet Ser. H

400
 Sta. 400+00 Build
 T.O. H.W. = 40' Oil
 Build Crosscut
 W. = 40' Oil

Station 400+51.3 D.A. = 6 Ac. H.
 Build 1-2" x 40" C.M.C. Pipe 58
 65 Ft. Build Endwall at Out.
 Ser. H-2: Build Drop Inlet
 Ser D-I.

Sta. 395+00 to Sta. 400+00
 Build 1-2" x 40" C.M.C. Pipe 58
 65 Ft. Build Endwall at Out.
 Ser. H-2: Build Drop Inlet
 Ser D-I.

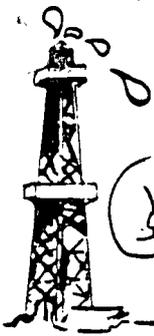
U.S. 550
 Proj. F-032-1(3)
 SAN JUAN CO.

9	Next	Project
	MEXICO	
		F-032

P.O.T. 407+06.8

APPLICATION FOR OIL TREATING
 PLANT PERMIT BY GENERAL CRUDE
 PROCESSING
 CASE NO. 6887
 EXHIBIT NO. 4

TC

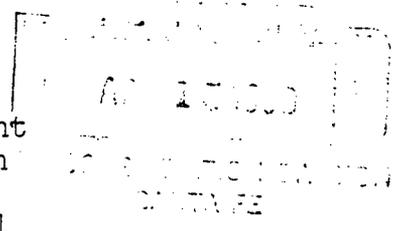


GENERAL CRUDE PROCESSING

P. O. Box 2609/Farmington, New Mexico 87401 ☐ 505-327-6946

March 24, 1980

State of New Mexico
Energy & Minerals Department
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



Case 6887

*Location SE 1/4 SE 1/4 Sec 21,
T30N, R12W
San Juan Co.*

Gentlemen:

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GENERAL CRUDE PROCESSING

P. O. Box 2609/Farmington, New Mexico 87401 505-327-6946

Page -2-

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Thank you for your consideration in this application.

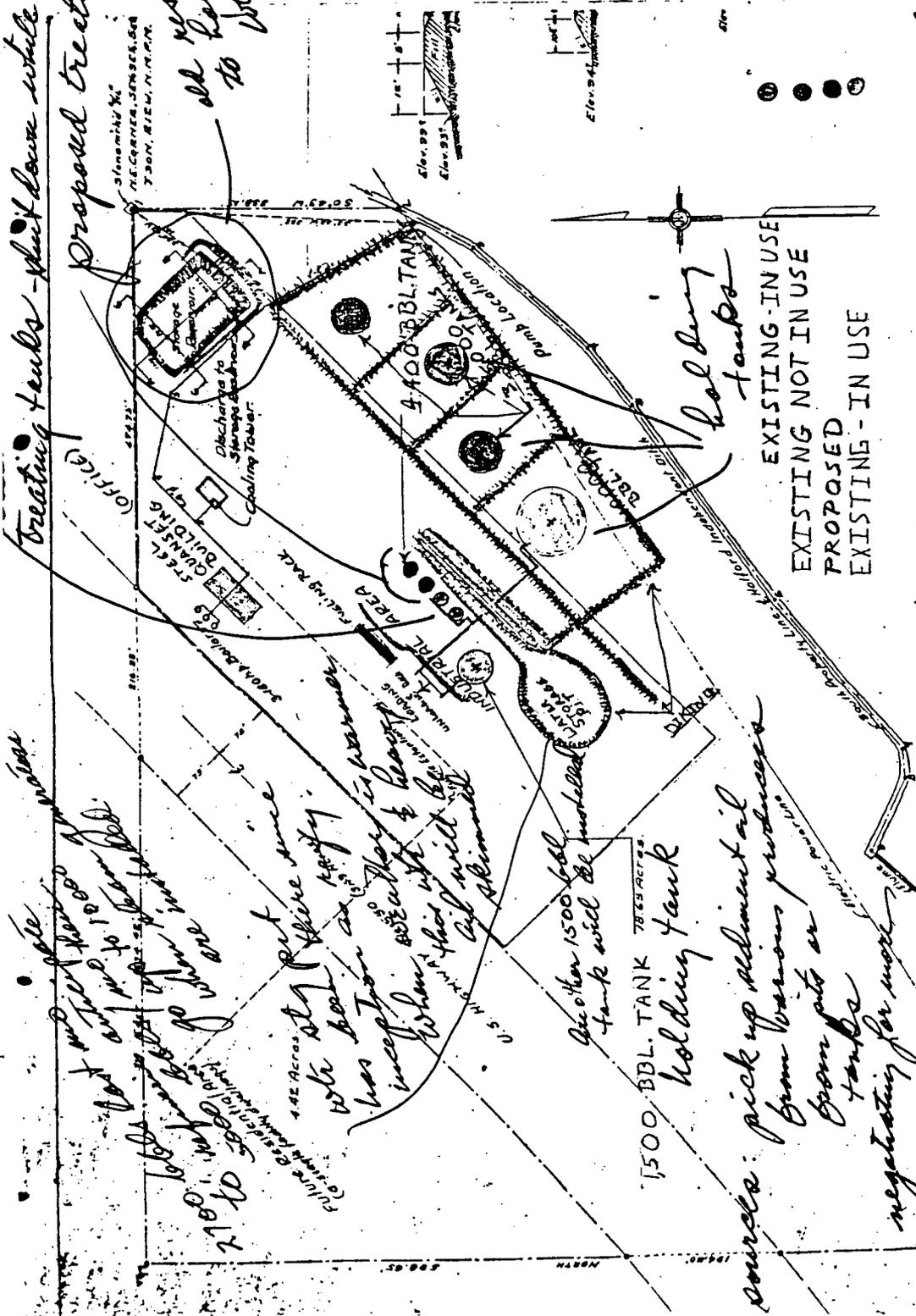
Sincerely,

Tim Mulville

TM/fg

Treating tanks - shut down while loading & unloading.
 Proposed treating tanks
 all responsibility toward
 to hold not more
 to JBR Army

APPLICATION FOR OIL TREATING
 PLANT PERMIT BY GENERAL CORP.
 PROCESSING
 CASE NO. 6887
 EXHIBIT NO. 3



1500 BBL. TANK
 Holding Tank
 source: pick up sediment oil
 from various producers
 from pits or
 tanks
 negotiating for more

1500 BBL. TANK
 Holding Tank
 1500 gal
 tank will be installed

plant at about
 as high in 50
 used until now
 as rging site
 1/4 mi from nearest
 fire station

2 unloading dock
 1 loading dock
 no flooring at plant
 bond on hand - will be
 billed today (5-7)

Treating tanks - shut down while loading & unloading.
 Proposed treating tanks
 all responsibility toward
 to hold not more
 to JBR Army

By products drained into pond then skimmed back into plant & recycled
 until it turns to laphack water hauls back to tanks for disposal

