

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
6 July 1983

EXAMINER HEARING

IN THE MATTER OF:

Application of A. A. Peters d/b/a	CASE
Alpha Phi Crude of Hobbs, New	7910
Mexico, Lea County, New Mexico.	

TRANSCRIPT OF HEARING

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

R. W. Gallini, Esq.  
HEIDEL, SAMBERSON, GALLINI,  
WILLIAMS & HARRINGTON  
P. O. Drawer 1599  
Lovington, New Mexico 88260

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

2

I N D E X

A. A. PETERS

Direct Examination by Mr. Gallini	3
Cross Examination by Mr. Stogner	7
Questions by Mr. Simpson	9

E X H I B I T S

Applicant Exhibit One, Description	5
Applicant Exhibit Two, Diagram	5
Applicant Exhibit Three, Map	6

1  
2  
3 MR. STOGNER: Call next Case  
4 Number 7910.

5 MR. PEARCE: That case is on  
6 the application of A. A. Peters, d/b/a as Alpha Phi Crude in  
7 Hobbs, New Mexico, Lea County, New Mexico, for an oil  
8 treating plant.

9 MR. GALLINI: Mr. Stogner, my  
10 name is R. W. Gallini, of the law firm Heidel, Samberson,  
11 Gallini, Williams, and Harrington, of P. O. Drawer 1599,  
12 Lovington, New Mexico.

13 I represent Mr. A. A. Peters,  
14 doing business as Alpha Phi Crude, who is here asking for  
15 this oil treatment permit.

16 He's the only witness I have.

17 MR. PEARCE: Are there other  
18 apperances in this matter?

19 (Witness sworn.)

20 A. A. PETERS,  
21 being called as a witness and being duly sworn upon his  
22 oath, testified as follows, to-wit:

23 DIRECT EXAMINATION

24 BY MR. GALLINI:

25 Q Will you state your name, please?

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

A A. A. Peters.

Q And, Mr. Peters, where do you reside?

A Hobbs, New Mexico.

Q Mr. Peters, in your application you state that you are doing business as Alpha Phi Crude. Are you associated with any other business?

A Principal stockholder of AA Oilfield Service.

Q Also president of the corporation?

A Yes.

Q And what does AA Oilfield Service do?

A We have hot oil units, kill trucks, and transports.

Q Now, in your application what do you propose to do?

A We propose to take tank bottoms and oil that we pick up from emptying heater-treaters and such as this, and make merchantable oil out of that.

Q And where do you propose to conduct these operations, if granted a permit?

A Adjacent to a salt water disposal system AA Oilfield Service presently has.

Q And what type of equipment do you plan to utilize in doing that, those operations?

A We have five hot oil units and six transports, and these trucks are always in use in this type of work. We'll use the oil and salvage the oil that they pick

1  
2 up.

3 Q Will this business be operated by you as  
4 an individual?

5 A Yes.

6 Q Under this application?

7 A Yes.

8 Q I show you what's been marked as Exhibit  
9 One and ask if you would identify this exhibit, please.

10 A It's a legal description of the disposal  
11 site of our salt water disposal system and, as I mentioned,  
12 the treating plant would be on this same site.

13 Q And where is this located; if you'd read  
14 the description, please?

15 A It's in the northwest quarter of Section  
16 3, Township 19 South, Range 37 East, Lea County, New Mexico.

17 Q And on the lower portion of that disposal  
18 -- of that legal description, does it also give a metes and  
19 bounds description?

20 A Yes.

21 Q All right. Now, next I direct you to Ex-  
22 hibit Two, and ask if you would identify that exhibit,  
23 please.

24 A It's the proposed facility diagram, which  
25 shows the equipment, the surface facility that we would use  
to reclaim the oil.

Q Mr. Peters, do you have any experience at  
this time in doing any of these types of operations?

1  
2 A I feel that I do. I was superintendent  
3 for Marathon Oil Company for a number of years, and have  
4 been in business for myself for sixteen years, and we're  
5 called upon all the time to treat oil for companies to make  
6 it merchantable oil.

7 I feel I'm qualified to take care of  
8 this.

9 Q What's your educational degree in?

10 A Mechanical engineering, University of  
11 Colorado.

12 Q Now, have you had an opportunity to con-  
13 tact the District Supervisor in Hobbs area and visit with  
14 him regarding the proposed operation of this plant?

15 A I have.

16 Q And do you feel --

17 A I visited with Mr. Sexton and received  
18 instructions from him relative to the necessity of orderly  
19 presenting of all the forms and taking care of the necessary  
20 reports.

21 Q Do you feel that you do understand the  
22 rules and regulations?

23 A Yes.

24 Q And are you willing to abide by those  
25 rules and regulations of the Division?

A You bet.

Q All right. Now, I'll also show you what  
we've marked as Exhibit Three, which -- and ask if you'd

1 identify that.

2 A That's a map of the area, Hobbs area,  
3 showing the location of the proposed facility west of Hobbs.

4 Q Okay.

5 MR. GALLINI: That's all we  
6 have on direct and we would ask introduction of Exhibits  
7 One, Two, Three.

8 MR. STOGNER: Exhibits One  
9 through Three will be admitted into evidence.

10 CROSS EXAMINATION

11 BY MR. STOGNER:

12 Q Mr. Peters, how far off of the Carlsbad  
13 Highway is this disposal site?

14 A I would assume -- I think it's probably  
15 about, oh, 3-or-400 feet. Maybe a little bit further than  
16 that. I don't remember for sure.

17 Yeah, there it is, it's 560 feet.

18 Q Okay, it is further than 500 feet, which  
19 is specified in Rule 310, I believe, of the Oil Conservation  
20 Division Rules and Regulations.

21 Is there any houses or dwellings within  
22 -- around this disposal site?

23 A No.

24 Q Any producing wells (inaudible)?

25 A There's a well in the unit. I think it's  
a Getty West Eumont Unit, but it's a considerable distance

1 from the disposal system.

2 Q Would you say it was further than 150  
3 feet?

4 A Oh, yes, much further than that.

5 Q What will be the -- where will the tank  
6 bottoms and such as that, that will be coming into your dis-  
7 posal area, where will they be from and --

8 A Well, we work for, I'd say, nearly all  
9 the majors and a lot of the independent oil companies. It  
10 will be coming from their facilities.

11 Q Would it primarily be from producing oil  
12 wells?

13 A Yes.

14 Q On Exhibit Number Two you show a disposal  
15 line marked water disposal.

16 A Right.

17 Q Could you please describe that a little  
18 further?

19 A Well, I mentioned that it would be  
20 located adjacent to our -- to AA Oilfield Service's disposal  
21 system, and we just take the water from this over into the  
22 AA Oilfield Service Disposal System.

23 Q Is that disposal well or --

24 A Yes.

25 Q Would you know offhand what order number  
approved that disposal well?

A No, I can't tell you that.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Q Could you furnish me that information?

A Sure can.

Q What will be the capacity of this plant on a per day basis?

A Oh, I'd say 250 barrels a day.

Q How will the paraffins and the -- your tank bottoms off your -- out of your disposal system how will they be disposed of and where?

A There's -- Parabo has a facility taking care of that, and we haul it to Parabo.

Q And they are qualified to handle such as --

A Yes, uh-huh.

MR. STOGNER: I have no further questions of this witness right now.

Are there any other questions of Mr. Peters?

MR. SIMPSON: I have a few questions.

MR. STOGNER: Mr. Simpson.

MR. SIMPSON: Oscar Simpson, Water Resource Specialist for the Oil Conservation Division.

QUESTIONS BY MR. SIMPSON:

Q Mr. Peters, my recollection of Parabo, they're only authorized to take produced water and not

1 and not handle solid waste.

2 Have you reached an agreement for some-  
3 thing different other than handling tank bottoms?

4 Solid waste, in other words?

5 A No, I haven't. It's my opinion, I had  
6 thought they could. I hadn't talked to them about it.

7 Q Approximately six months ago I talked to  
8 them about taking tank bottoms, and they said that they  
9 didn't want to handle them because of the potential  
10 hazardous waste regulations.

11 A Uh-huh.

12 Q Have you characterized or anticipated  
13 characterization of your waste as being considered hazardous  
14 waste or containing toxic waste?

15 A No. Don't know any reason why it should.

16 Q Do you mind describing what -- what ex-  
17 actly you could do about your tank bottoms, as far as what  
18 you actually derive from the merchantable product?

19 A Crude oil.

20 Q Crude oil. You don't consider the tank  
21 bottoms potential hazardous waste?

22 A I hadn't, no. I had no idea that it  
23 could be.

24 Q Okay.

25 A Not any more so than -- than crude oil  
is.

Q For instance, if Parabo can't take these,

1 do you have any idea where else you could dispose of them?

2 A I believe Oil Processing has a plant.  
3 REHMA's got a plant.  
4

5 Q When you say they have a plant, do they  
6 have a facility to --

7 A Facility to --

8 Q -- dispose of solid waste?

9 A Yes, they do.

10 Q Okay. And Oil Processing and REHMA are  
11 pretty close to Hobbs?

12 A Yes, both of them are within, oh, ten  
13 miles.

14 Q Now this water that's supposed to be  
15 going to you injection well, is that anything -- is there  
16 any hydrocarbons mixed with that or in contact with that  
17 water? Or do you have, if I understand your diagram right?

18 A Oh, I'm sure there would be. I've never  
19 seen any water taken from oil that hasn't had hydrocarbons  
20 in it.

21 Q Okay.

22 A But it would be going into our facility  
23 to -- what there might be would be put into our salt water  
24 disposal system.

25 Q And you don't know what your salt water  
disposal system is permitted to handle?

A 1/10th of 1 percent -- oh, 2/10ths of 1  
percent of the total volume of water disposed of.

1  
2 Q And in as far as limitations of produced  
3 water or, in other words --

4 A There is none.

5 Q Is yours a Class 2 or Class 1 type well?  
6 In other words, where it can handle hazardous waste or just  
7 produced water?

8 A Produced water.

9 MR. SIMPSON: I don't have any  
10 other questions right now.

11 MR. STOGNER: Are there any other  
12 questions of this witness? If not, he may be excused.

13 Is there anything further to  
14 come in Case Number 7910?

15 If not, I'm going to leave this  
16 case open until that information I requested for the --

17 A What I understand it was, was you wanted  
18 the order number approving the disposal well, right?

19 MR. STOGNER: Yes, sir.

20 A Okay.

21 (Hearing concluded.)  
22  
23  
24  
25

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7910, heard by me on July 6, 1983.

Michael E. Stagner, Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

RI. 193-B

Sanita Fe, New Mexico 87501

Phone (505) 455-7409