

CASE NO.

7546

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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

14 April 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Sonny's Oil Field
Services, Inc., for an oil treating
plant permit, Lea County, New Mexico.

CASE
7546

BEFORE: Richard L. Stamets

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:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

L. D. CLARK

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	11

E X H I B I T S

Applicant Exhibit One, Schematic	4
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MR. STAMETS: We'll call next Case 7546.

MR. PEARCE: That is the application of Sonny's Oilfield Services, Inc., for an oil treatment plant permit, Lea County, New Mexico.

MR. KELLAHIN: I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness.

(Witness sworn.)

L. D. CLARK

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Clark, would you please state your name and occupation?

A I'm L. D. Clark, President of Sonny's Oil Field Service, Inc., Hobbs, New Mexico.

Q Mr. Clark, have you previously testified before the Division?

A No, sir.

Q Would you identify for the Examiner what

1
2 your past experience has been with regards to oil treating
3 plants?

4 A As far as a plant, none.

5 Q All right, sir. What has caused you to
6 file an application on behalf of your company for a treating
7 plant permit?

8 A To where we can handle tank bottoms and
9 within our own company. We have vacuum trucks and cleaning
10 tanks, and presently we're driving about 80 miles round trip
11 to dispose of the bottoms.

12 Q And the purpose of the plant, then, would
13 be to treat the tank bottoms from the trucks?

14 A Yes.

15 Q All right, sir. Have you applied for the
16 necessary bonds for the permitting of this treating plant?

17 A I have.

18 Q And what is the status of your bonding?

19 A It has been approved. Kemper Insurance
20 wrote it and it should be in here today.

21 Q All right, sir. Mr. Clark, let me show
22 you what we've marked as Exhibit Number One, which is a
23 schematic, and would you identify first of all the approximate
24 location of the plant itself in terms of communities and loca-
25 tions within Eddy County -- I'm sorry, this is Lea County.

1

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A Yes.

3

Q All right, sir.

4

A It's in the northwest quarter of the north-

5

east quarter of Section 29, Township 18, Range 38.

6

Q All right, within that 40-acre tract, then,

7

approximately what portion of the 40-acre tract would be oc-

8

cupied by the plant?

9

A We have five acres.

10

Q All right, so where is the northwest of

11

the northeast quarter of Section 29 in relation to any com-

12

munities?

13

A It would be on the northwest corner of

14

Hobbs.

15

Q Is it within the city limits of Hobbs?

16

A No.

17

Q What, if any, other structures or resi-

18

dences or other improvements are near or adjacent to the

19

proposed plant?

20

A There's none within a quarter of a mile

21

or more.

22

Q All right. Taking Exhibit Number One,

23

Mr. Clark, would you describe generally how you propose to

24

construct the plant?

25

A Well, we have an existing disposal well,

1
2 which is the Hobbs State No. 3, at this site, and we propose
3 to go in with two 500 barrel tanks on the same location that
4 we will pump these tank bottoms in and we will not have any
5 on the premises, heating facilities. We own hot oil trucks
6 and we will treat this oil with the hot oil trucks.

7 Q All right, let's -- let's run through the
8 plant, then, in terms of the truck unloading into the disposa-
9 line, and I assume that's the location you've marked "X" on
10 the plat?

11 A That's -- that's affirmative.

12 Q All right, sir, so what happens then?

13 A Well, we pump the bottoms into the salt
14 water system which in turn skims --

15 Q Does that go into this first tank here?

16 A That's correct.

17 Q And how large is that tank?

18 A It's 500.

19 Q All right, sir, then what happens?

20 A It goes into -- from there into 1000
21 barrel tank.

22 Q Which one is the 1000 barrel tank?

23 A It would be the lower lefthand corner
24 there; right there.

25 Q All right, sir.

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MR. STAMETS: Let me get that. You've got the 500.

A Yes, sir.

MR. STAMETS: And then immediately below that is another tank.

A Yes, sir.

MR. STAMETS: That's 1000?

A Yes, sir.

MR. STAMETS: Okay.

Q All right, and going -- going counter-clockwise, then, which direction does this fluid move?

A This fluid will move to the one to the left of that into another 1000 barrel.

Q It goes from the 500 barrel to that 1000 barrel first?

A Yes.

Q Well, I don't see a line drawn to the tank.

A And then it -- well, it goes into this 1000, then it goes to this 1000, and back to 500 before it goes --

Q All right, it goes --

A It goes through three tanks before it gets to the final tank that separates the water from the oil that goes into the disposal.

1

2

Q

It goes counterclockwise, then, through
the series of the four tanks?

3

4

A

Yes.

5

6

MR. STAMETS: Counterclockwise? Looks to
me like it goes clockwise.

7

A

Clockwise.

8

Q

I'm sorry. Yes, sir, okay.

9

10

11

12

MR. STAMETS: The two southernmost tanks
on this sheet of paper are 1000 barrels and the two northern-
most are 500. The final settling tank and the initial tank
are both 500's.

13

A

No, sir, the two 500's are east and the
two 1000 barrels are west.

14

15

16

MR. STAMETS: Okay. Well, the two -- okay,
all right. I'm with you.

17

Q

All right, sir, we go to the second 1000
barrel tank. What happens to the fluids at that point?

18

19

A

Well, the fluids at that point will sep-
arate. The oil will go into these two 500's; the water will
go into the disposal well.

20

21

22

Q

All right, sir. What is the tanks and
plant structures over here to the north and west of the four
tank battery?

23

24

25

A

That's where the oil will be accumulated.

1
2 Q All right, what are you going to do then
3 with the accumulated oil?
4 A We will treat it.
5 Q How do you treat it?
6 A With a hot oil truck.
7 Q Is it also chemically treated?
8 A Yes, there'll be chemical added when we
9 treat it with a hot oil truck.
10 Q All right, sir. What then do you do with
11 the sediments and residues that cannot be reclaimed?
12 A They will go to Pollution Control.
13 Q All right, sir, and then the farthest
14 north tank is your sales tank of the --
15 A Or the two, yes, sir.
16 Q Of the reclaimed oil.
17 A Yes, sir.
18 Q All right, sir. I don't seen any kind of
19 firedam, spillage banks, whatever. What do you propose to do
20 about that?
21 A We're going to build a firewall.
22 Q And that's indicated here?
23 A Yes, sir.
24 Q All right, sir. When do you propose to
25 have your plant in operation, Mr. Clark?

1
2 A Well, we're ready when we get approval.

3 Q All right, sir. Mr. Clark, was the
4 schematic drawn on Exhibit One prepared by you?

5 A Yes, sir.

6 Q Let me ask you this. Do you have an ap-
7 proximation of the volumes of untreated oil you're going to
8 bring to the plant?

9 A I imagine it will run 200 to 300 barrels
10 a month total.

11 MR. STAMETS: Is that barrels of good oil
12 or barrels of total input?

13 A It should be barrels of good oil.

14 MR. STAMETS: How much volume of oil -- of
15 sediment did you have to have to get that?

16 A Well, water and oil, I imagine around
17 80,000 barrels a month.

18 MR. STAMETS: 80,000?

19 A Yes, sir, water and oil.

20 MR. STAMETS: Okay.

21 A Total fluid.

22 MR. KELLAHIN: We move the introduction
23 of Exhibit Number One.

24 MR. STAMETS: Okay, this exhibit will be
25 admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Clark, have you familiarized yourself with the Division's rules and regulations relative to the removal of sediment oil and operation of a treating plant?

A Fairly.

Q Okay.

A I'm not an expert, I guarantee you.

Q Have you received a copy of the recent memorandum issued by Jerry Sexton and Bill Gressom relative to --

A Yes, sir.

Q -- operating a plant? Okay.

MR. STAMETS: Are there any questions of the witness? He may be excused.

Anything further in this case?

MR. KELLAHIN: No, sir.

MR. STAMETS: The case will be taken under advisement.

(Hearing concluded.)

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. 7546, heard by me on 4-14 1982.

Richard A. Lane, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

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



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

April 28, 1982

Re: CASE NO. 7546
ORDER NO. R-6958

Applicant:

Sonny's Oil Field Services, Inc.

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____

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. 7546
Order No. R-6958

APPLICATION OF SONNY'S OIL,
FIELD SERVICES, INC. FOR AN
OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 14, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of April, 1982, 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, Sonny's Oil Field Services, Inc. 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 NE/4 of Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, for the processing of approximately 100 barrels per day of raw material 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.

Case No. 7546
Order No. R-6958

(5) That the Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Sonny's Oil Field Services, Inc. is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the NW/4 NE/4 of Section 29, Township 18 South, Range 38 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) 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 the Director of the Division may administratively grant authority for the expansion or modification of said plant

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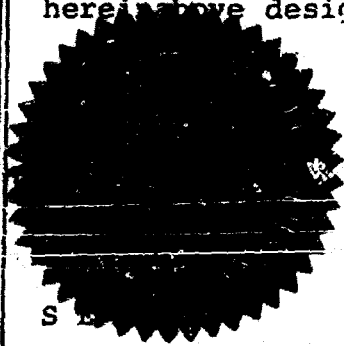
Case No. 7546

Order No. R-6958

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) That 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.



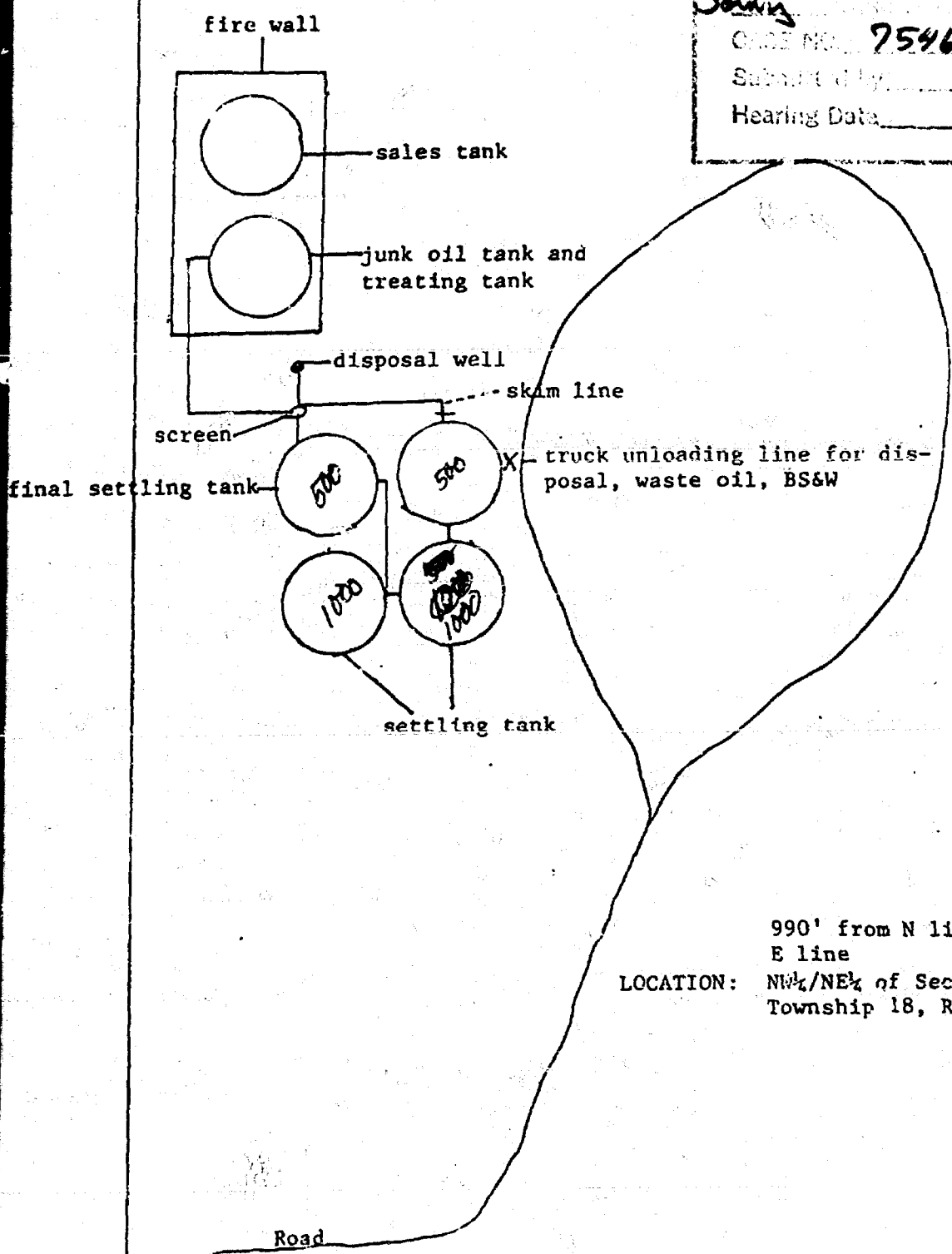
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

SORRY'S OILFIELD SERVICE, INC.
Hobbs State #3 Disposal Site

(1.)

SORRY'S OILFIELD SERVICE, INC.
 OIL FIELD SERVICE, INC.
 SORRY'S OILFIELD SERVICE, INC.
 CASE NO. **7546**
 Submitted by _____
 Hearing Date _____



990' from N line, 1830' from
 E line
 LOCATION: NW $\frac{1}{4}$ /NE $\frac{1}{4}$ of Section 29,
 Township 18, Range 38

We propose to salvage BS&W and waste oil from tank cleanings,
 run it through settling tanks into a 500 bbl. tank and treat
 oil out of junk tank into sales tank with a hot oil truck.

Dockets No. 11-82 and 12-82 are tentatively set for April 28 and May 12, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 14, 1982

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for May, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7536: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit A. H. Bernstein and all other interested parties to appear and show cause why the Allan Well No. 1 located in Unit F, Section 23, Township 29 North, Range 13 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7537: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit F. E. Umberger, Trustee and all other interested parties to appear and show cause why the Davis Pooled Unit Well No. 1, located in Unit I, Section 27, Township 29 North, Range 11 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7538: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Francis L. Harvey and all other interested parties to appear and show cause why the Pinkstaff Estate Well No. 1, located in Unit A, Section 29, Township 29 North, Range 10 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7539: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit B.M.N.S. Company, American Employers Insurance and all other interested parties to appear and show cause why the following wells: Waggoner No. 1, Brown No. 2, Wyper No. 2, located in Units K, M, and O, respectively, of Section 29, Township 30 North, Range 12 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.

CASE 7540: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Pauly-Anderson-Fritchard and all other interested parties to appear and show cause why the Maloy Well No. 1, located in Unit P, Section 16, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7541: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit E. J. Miley and all other interested parties to appear and show cause why the Hare (Ransom) Well No. 1, located in Unit N, Section 14, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7542: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Benson-Montin-Greer Drilling Corporation, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the following wells: Dustin No. 1, located in Unit K, Section 6, and the Gallegos Canyon Unit No. 2, located in Unit K, Section 35, both in Township 29 North, Range 12 West, and the Segal No. 1, located in Unit X, Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.

CASE 7543: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Calvin Petroleum Corporation, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why the Kaempf SMD Well No. 1, located in Unit N, Section 19, Township 30 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Examiner Hearing - WEDNESDAY - APRIL 14, 1982

- CASE 7544: Application of Dinero Operating Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and East lines of Section 20, Township 22 South, Range 28 East, Morrow formation, the N/2 of said Section 20, to be dedicated to the well.
- CASE 7545: Application of Baker Engineering for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 258.16-acre non-standard gas proration unit for the Morrow formation comprising all of partial Section 32, Township 26 South, Range 30 East.
- CASE 7546: Application of Sonny's Oil Field Services, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the NW/4 NE/4 of Section 29, Township 18 South, Range 38 East.
- CASE 7547: Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 2550 feet from the North line and 1350 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the SE/4 NW/4 of said Section 15 to be dedicated to the well.
- CASE 7517: (Continued from March 31, 1982, Examiner Hearing)
- Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1450 feet from the South line and 1400 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the NE/4 SW/4 of said Section 15 to be dedicated to the well.
- CASE 7548: Application of Tahoe Oil & Cattle Co. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4932 feet to 4992 feet in its Schwalbe Well No. 1, located in Unit P of Section 21, Township 9 South, Range 37 East, West Sawyer-San Andres Pool.
- CASE 7549: Application of H. L. Brown for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox Pennsylvania gas well location 609 feet from the South line and 1665 feet from the East line of Section 32, Township 15 South, Range 33 East, the S/2 of said Section 32 to be dedicated to the well, an existing well which is to be deepened.
- CASE 7550: Application of Harvey E. Yates Company for the Rescission of Order No. R-6918, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-6918, which compulsorily pooled the Atoka-Morrow formation underlying the N/2 of Section 19, Township 8 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Applicant now seeks the rededication of the E/2 of said Section 19 to the aforesaid well without compulsory pooling.
- CASE 7551: Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the E/2 of Section 21, Township 11 South, Range 31 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7552: Application of Merrion Oil & Gas Company for compulsory pooling, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Gallup formation underlying the S/2 SE/4 of Section 20, Township 23 North, Range 6 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7553: Application of Fred Pool Drilling Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation, underlying the SW/4 of Section 17, Township 6 South, Range 23 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7540: (Continued and Readvertised)

Application of Lewis B. Buxleson, Inc. for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Pool underlying a 30-acre non-standard oil proration unit comprising the N/2 of the Easternmost 60 acres of the NW/4 of Section 15, Township 24 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7554: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Drinkard formation underlying the NW/4 SW/4 of Section 5, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7555: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Drinkard formation underlying the SW/4 NW/4 of Section 5, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7556: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the San Andres formation underlying the NE/4 NW/4 of Section 3, Township 20 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7557: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the SW/4 of Section 32, Township 19 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7558: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the SE/4 of Section 31, Township 19 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7559: (Continued from March 31, 1982 Examiner Hearing)

Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Range 12 and 13 West, Township 28 North, Range 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

Page 4 of 5

Examiner Hearing - WEDNESDAY - APRIL 14, 1982

CASE 7559: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending certain pools in Lea and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the Caudill-Mississippian Gas Pool. The discovery well is the Moran Exploration, Inc. Gann Well No. 1 located in Unit D of Section 9, Township 15 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM
Section 9: NW/4

(b) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the North Dora-Pennsylvanian Pool. The discovery well is the Ensarch Exploration, Inc. Collier Well No. 1 located in Unit I of Section 29, Township 4 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 29: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Johnson Ranch-Morrow Gas Pool. The discovery well is the Mesa Petroleum Company Jackson Unit Well No. 1 located in Unit G of Section 22, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 22: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Triste Draw-Delaware Pool. The discovery well is the Getty Oil Company Getty 2U State Well No. 1 located in Unit J of Section 28, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 28: SE/4

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Triste Draw-Morrow Gas Pool. The discovery well is the Amoco Production Company State 1G Com Well No. 1 located in Unit B of Section 32, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 32: W/2

(f) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Vaca Draw-Wolfcamp Gas Pool. The discovery well is the HNG Oil Company Bell Lake 11 Federal Well #1 located in Unit B of Section 11, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 11: N/2

(g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Vacuum-Bone Spring Pool. The discovery well is the Amoco Production Company State HS Com Well No. 1 located in Unit K of Section 9, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 9: SW/4

(h) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Granite Wash production and designated as the South Tanneyhill-Granite Wash Gas Pool. The discovery well is the Threshold Development Company Harris 14 Well No. 1 located in Unit B of Section 14, Township 6 South, Range 33 East, NMPM, currently classified as producing from the Pennsylvanian formation and in the Tanneyhill-Pennsylvanian Gas Pool. The well has been re-evaluated and the producing interval is more correctly defined as Granite Wash. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 14: N/2

- (i) ABOLISH the Tanneyhill-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described as:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 14: All

- (j) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 7: SE/4

- (k) EXTEND the Bilbrey-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 4: N/2
Section 5: NE/4

- (l) EXTEND the Blinbry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 33: NW/4

- (m) EXTEND the Bottleg Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 17: W/2

- (n) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 9: N/2

- (o) EXTEND the North Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 16: SE/4
Section 20: NE/4

- (p) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 14: All

- (q) EXTEND the Sowell-Morrow Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 33 EAST, NMPM
Section 11: NW/4

- (r) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 9: NE/4

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

P.O. Office Box 1769

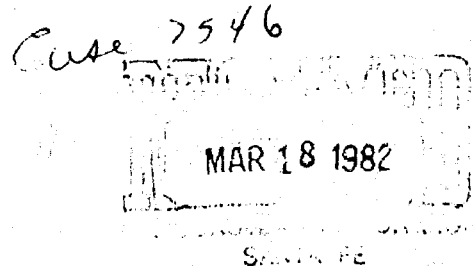
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

March 16, 1982

Mr. Joe D. Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



Re: Sonny's Oil Field Services, Inc.

Dear Mr. Ramey:

Please set the enclosed application for hearing on
the April 14, 1982 examiner's docket.

Very truly yours,

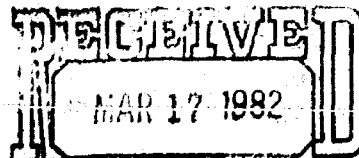
KELLAHIN & KELLAHIN

W. Thomas Kellahin

WTK:rb

Enclosure

cc: Mr. L. D. Clark



STATE OF NEW MEXICO OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS SANTA FE

OIL CONSERVATION DIVISION

MAR 18 1982

IN THE MATTER OF THE APPLICATION OF
SONNY'S OIL FIELD SERVICES, INC.,
FOR AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO

Case 7546

A P P L I C A T I O N

Applicant, SONNY'S OIL FIELD SERVICES, INC., by and through its attorneys, Kellahin & Kellahin, hereby applies to the New Mexico Oil Conservation Division for a permit approving an oil treating plant in the NW/4NE/4 of Section 29, T18S, R38 E, Lea County, New Mexico and in support thereof would show:

1. Applicant is the lessee of certain fee acreage located in the NW/4NE/4 of Section 29, T18S, R38E, Lea County, New Mexico.
2. Applicant desires to locate an oil treating plant on a portion of the above described acreage as shown on Exhibit (1) attached hereto and incorporated by reference herein.
3. Applicant is the operator of the Hobbs State #3 Well, an approved salt water disposal well at the above location and desires to establish a treating plant to chemically treat and reclaim waste oil from tank cleanings.
4. That the proposed plant and method of processing will efficiently process, treat, and reclaim sediment oil, thereby salvaging oil which would otherwise be wasted.

WHEREFORE, Applicant requests orders of the Oil Conservation Division as follows:

- A. That this matter be set for hearing before an examiner duly appointed by the Oil Conservation Division and

that due notice thereof be given as required by law; and

B. That after hearing, an order be entered granting Applicant a sediment oil treating plant permit pursuant to Rule 312 of the Oil Conservation Division, Energy and Minerals Department, State of New Mexico.

KELLAHIN & KELLAHIN

By 

W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501
505-982-4285

SONNY'S OILFIELD SERVICE, INC.
Hobbs State #3 Disposal Site

E.

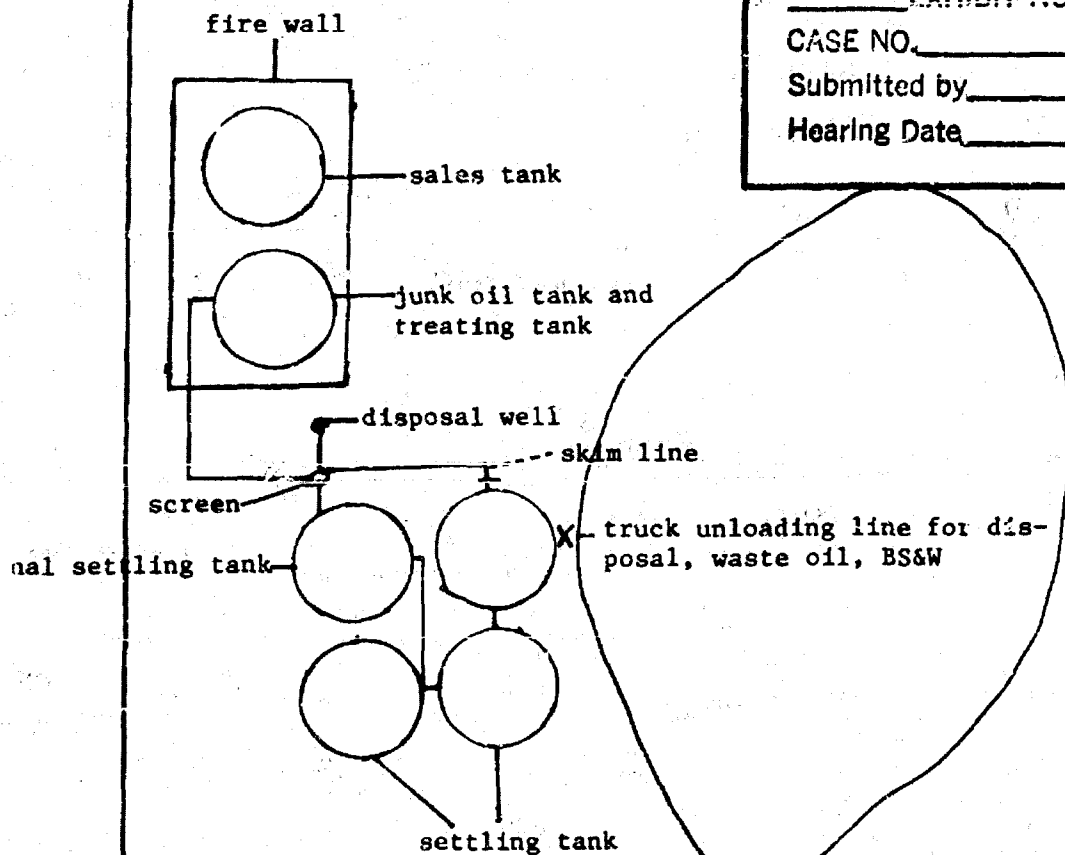
BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. _____

CASE NO. _____

Submitted by _____

Hearing Date _____



LOCATION: NW $\frac{1}{4}$ /NE $\frac{1}{4}$ of Section 29,
Township 8, Range 38E

We propose to salvage BS&W and waste oil from tank cleanings, run it through settling tanks into a 500 bbl. tank and treat oil out of junk tank into sales tank with a hot oil truck.

Handwritten: Denis
Handwritten: Marie

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:

Handwritten: JAR

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CASE NO. 7546

Order No. R-6958

Handwritten: WPP

APPLICATION OF SONNY'S OIL
FIELD SERVICES, INC. FOR AN
OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 14, 1982,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of April, 1982, 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, Sonny's Oil Field Services, Inc., 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 NE/4 of Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, for the processing of approximately 100 barrels per day of raw material 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 Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Sonny's Oil Field Services, Inc., is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant at its salt water

disposal site in the NW/4 NE/4 of Section 29, Township 18 South, Range 38 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) 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 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) That 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

JOE D. RAMEY,

Director

S E A L

