

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

1 September 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of George Sardella and
Gary Plemans for an oil treating plant
permit, Lea County, New Mexico.

CASE
7661

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:

Ernest L. Pedilla, Esq.
P. O. Box 2523
Santa Fe, New Mexico 87501

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I N D E X

GARY PLEMANS

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2 MR. STAMETS: We'll call next Case 7661.

3 MR. PEARCE: That is the application of
4 George Sardella and Gary Plemans for an oil treatment plant
5 permit, Lea County, New Mexico.

6 MR. PADILLA: Mr. Examiner, Ernest L.
7 Padilla on behalf of the applicant in this case.

8 I have one witness who needs to be sworn.

9
10 (Witness sworn.)

11
12 GARY PLEMANS
13 being called as a witness and being duly sworn upon his oath,
14 testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. PADILLA:

18 Q Mr. Plemans, for the record would you
19 please state your name and your connection with the applicant
20 in this case?

21 A Yes. My name is Gary Plemans. I'm one
22 of the partners and the operator of this proposed facility
23 in this application.

24 Q Mr. Plemans, where are you from?

25 A I live in -- presently I live in Napa,

1
2 California. I'm moving to Maljamar, New Mexico.

3 Q And you're one of the applicants in this
4 case, is that correct?

5 A Yes, sir.

6 MR. PADILLA: Is the applicant acceptable?

7 MR. STAMETS: Yes.

8 Q Mr. Plemans, are you familiar with the
9 purpose of the application today?

10 A Yes, I am.

11 Q What is the purpose? What are you trying
12 to seek by your application?

13 A We are trying to apply for permission to
14 operate a waste oil treatment processing plant outside Mal-
15 jamar, New Mexico.

16 Q Where is the treating plant to be located?

17 A Legally it's described as in the northwest
18 one-quarter of the northwest one-quarter of Section 33, Range
19 33 East, in Lea County, New Mexico.

20 Q I hand you what has been marked as Exhibit
21 Number One-A. Would you tell us what that is and what it
22 contains?

23 A Exhibit One-A simply shows the Maljamar
24 quadrangle in which we propose to locate the site. Basically
25 on a map the site is to be about a half mile off the Artesia

1
2 highway, which is No. 82, I believe, about 5-1/2 miles east
3 of Maljamar.

4 Running along side the property in that
5 section is a county road that doesn't seem to have a name.

6 Q That red mark that you have indicated on
7 that map, is that the location of the -- is that the location
8 on the plat?

9 A Yes, it is.

10 Q Going on now to what has been marked as
11 Exhibit Number One, Mr. Plemans, tell us what that is and what
12 it contains?

13 A Basically it's an outline of the equip-
14 ment and the type of operation we intend to set up at that
15 site.

16 Q Can you give us a short and brief de-
17 scription of the plant?

18 A Yes. Basically it's a -- it's a plant
19 designed to treat or to receive and reclaim waste oil that we
20 receive by tank bottoms and oil spills and the like. It's
21 just primarily and initially two 1000 barrel tanks that are
22 insulated and equipped with 4-inch pipe arranged in a coil-
23 like fashion through which we will send steam.

24 We also, if I may jump ahead for a moment,
25 on the last exhibit --

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Q Is that Exhibit Number Four, Mr. Plemans?

A Yes, Exhibit Number Four, it shows roughly the layout of the proposed facility.

Q Can you tell us, looking at Exhibit Number Four, can you tell us how you propose to operate the plant generally, from the standpoint of trucks coming in and off-loading?

A Yes. Basically, at the bottom of the property line, we have described what we call the entrance here. The entire area will be fenced in.

The truck will enter into the entrance and it will make a left turn, stopping approximately below the 1000 barrel treating tanks. At that time a test sample of the product that's being delivered to us, and that would determine for our purpose not only the quality of the product but into which tank we would send it. We could put it, either, for our purposes into the 1000 barrel treaters or into the 250 barrel receiver/sellers that are indicated on the --

Q Mr. Plemans, what are the shaded areas on the diagram of Exhibit Number Four?

A The shaded areas indicates the location of the steam heater or steam generator and the pumphouse. The steam heater or generator will have lines running from that directly into the 1000 barrel treater tanks and the pump-

1
2 house is set up -- actually there's two pumps which will move
3 the fluid in and out and back and forth between the different
4 tanks.

5 Basically the -- all of the tanks are
6 cone bottom and in excess any 1000 barrel treaters are equip-
7 ped with their sump pumps. They can be pumped directly into
8 the 500 barrel waste tanks.

9 Q What kind of pumps are those, do you know?

10 A Those are our boom type pumps.

11 Q And that's described in Exhibit Number
12 One, is that correct?

13 A Yes, sir.

14 Q As part of your equipment. Can you tell
15 us something about the potential future expansion of the plant
16 should that be necessary? What would you propose to do?

17 A If -- we believe and participate that
18 production will demand the addition of perhaps one more 1000
19 barrel treater and one or two more 500 barrel receiver/seller
20 tanks.

21 The map -- the Exhibit Four shows our
22 minimum preliminary design of the facility.

23 Q Mr. Plemans, going to what has been marked
24 as Exhibit Number Two, can you tell us what that is and what
25 it contains?

1
2 A Exhibit Number Two is a summary of our
3 calculations of the total volume that will be engendered by
4 both the current and the projected for future expansion capa-
5 cities of the tanks that we're going to be using.

6 On that summary we come up with a total of
7 39,494.28 cubic feet, and this is -- these calculations were
8 used in determining what would be used as a dike to contain
9 any spills. The dike that we propose is an 18-inch dike
10 around the entire circumference of the property, which would
11 yield, by our figures, roughly 326,700 cubic feet of protection.
12 It's roughly ten times the amount that would -- that would be
13 necessary to contain -- contain any spill if all the tanks
14 ruptured at the same time, including the waste tanks.

15 Q Mr. Plemans, now going to to Exhibit
16 Three-A, what is contained in that exhibit?

17 A Exhibit Three-A, Three -- through Three-
18 D contain our calculations for obtaining those volume figures.
19 As I stated before, all the tanks should have a cone bottom
20 so we had to calculate that separately in addition to the
21 tank, the regular tank calculations.

22 And as I said, all those figures are sum-
23 marized on Exhibit Two.

24 Q Mr. Plemans, you're aware that should
25 this application be approved, before you could commence oper-

1
2 ations you would need to obtain a performance bond. Are you
3 prepared now to secure a performance bond in the event this
4 application is approved?

5 A Yes, we are. We are ready to do that.

6 Q Have you taken any action in securing a
7 bond?

8 A Yes, as a matter of fact, we already --
9 one is being written at this moment and we should be receiving
10 it before the end of the week, so we'll have it and it will be
11 on file with the Commission shortly.

12 Q Mr. Plemans, will you be prepared to abide
13 by any rules or regulations or conditions of an order issued
14 by the Commission should the application be approved?

15 A Yes, sir.

16 MR. PADILLA: Mr. Examiner, we have nothing
17 else and I would offer Exhibits One through Four and pass the
18 witness.

19 MR. STAMETS: The exhibits will be admit-
20 ted.

21
22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q Mr. Plemans, what will you do with any
25 brine water that is generated as a result of your operation?

1
2 A That's why we -- Mr. Examiner, we have --
3 the reason we have three tanks is that obviously one of the
4 by-products of our process is brine water. Then with three
5 tanks we hope to have enough volume in those three tanks to
6 handle the brine water from our process, which will then be
7 either hauled out by us or sold out, sold by us to approved
8 disposal sites -- I'm not an expert in oil, but I understand
9 they use brine water for drilling purposes and it can be
10 sold for that purpose.

11 Q So it will either be sold for drilling mud
12 or delivered to a disposal site.

13 A Yes, Sir.

14 Q How about the irreducible petroleum and
15 basic sediments?

16 A That will also be contained in the waste
17 tank. It is our feeling from talking with different operators
18 that it will take quite awhile to even fill up one 500 barrel
19 tank, but at the point at which it becomes full, we'd have
20 that taken to an approved disposal site.

21 Q I noticed in reading through the applica-
22 tion that you did not say anything about using any chemicals
23 to try and break this --

24 A We -- we prefer not to but as we under-
25 stand it, the use of chemicals sometimes produces a product

1
2 that is known as soap, and we -- we prefer to use natural
3 means, by steam and by air injection and sometimes we might
4 add a little natural grit to it.

5 Q I presume you're aware of our rules and
6 regulations relating to the operation of treating plants and
7 receipt of fluids?

8 A Yes, sir.

9 Q We need to have all that material docu-
10 mented as it arrives at your facility?

11 A Yes, sir.

12 MR. STAMETS: Are there any other questions
13 of the witness?

14 MR. PEARCE: One question, if I may. It
15 may be for Mr. Padilla.

16 I notice that a couple of the exhibits
17 bear the name All American Oil Processing Limited.

18 The operator, the bond, everything now is
19 going to be in the name of Mr. Plemans and Mr. Sardella, is
20 that correct?

21 MR. PADILLA: That's correct, Mr. Pearce.
22 We -- at this time the applicants -- or in the future they
23 intend to incorporate and be under this name. Should that
24 occur, then we would of course change the bond and everything
25 that's necessary to go under the same name.

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MR. PEARCE: Okay, thank you.

MR. STAMETS: If there are no further questions, the witness may be excused.

Anything further in this case?

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 Conserva-
tion 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. _____.
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 453-7409



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

September 28, 1982

POST OFFICE BOX 8089
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-8434

Mr. Ernest L. Padilla
Attorney at Law
P. O. Box 2523
Santa Fe, New Mexico

Re: CASE NO. 7661
ORDER NO. E-7074

Applicant:

George Sardella and Gary Plemans

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 _____

111

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. 7661
Order No. R-7074

APPLICATION OF GEORGE SARDELLA AND
GARY PLEMANS 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 September 1, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 27th day of September, 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 applicants, George Sardella and Gary Plemans, seek authority to construct and operate a 4500-barrel capacity chemical and heat-treatment type oil treating plant at their salt water disposal site in the NW/4 NW/4 of Section 33, Township 16 South, Range 33 East, NMPM, Lea County, New Mexico, for the processing 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.

-2-

Case No. 7661

Order No. R-7074

(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 applicants, George Sardella and Gary Plemans, are hereby authorized to install and operate a chemical and heat-treatment type oil treating plant at their salt water disposal site in the NW/4 NW/4 of Section 33, Township 16 South, Range 33 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 applicants 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 operators 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

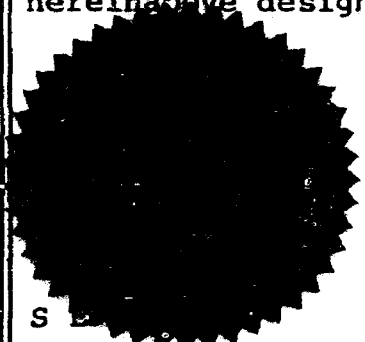
-3-

Case No. 7661
Order No. R-7074

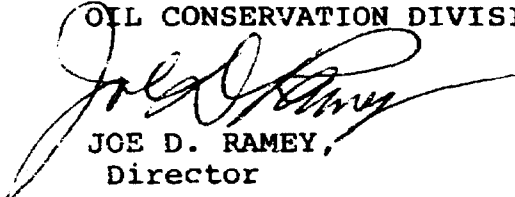
modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rules and Regulations.

(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

IN APPLICATION OF
PROPOSED WASTE OIL TREATMENT
FACILITY FOR MALJAMAR, NEW MEXICO

OPERATORS: Gary Fleman and George Sardella

ADDRESS: County Road
Post Office Box 1274
Maljamar, New Mexico 88264

SITE LOCATION: NW¹/₄NW¹/₄ Section 33, T16S, R33W,
Lea County, New Mexico

PLANT DESCRIPTION:

A plant, situated on a five-acre parcel approximately one-half mile south of Artesia Highway and approximately five and one-half miles east of Maljamar, constructed for the purpose of reclaiming, treating, processing the waste oil and marketing the product(s) thereby obtained.

Initially, said construction and physical facility shall consist of the following equipment as shown on Exhibit 4.

EQUIPMENT:

Steel, shop-welded cone bottom tanks having these capacities and purposes:

Four 250-BBL tanks for receiving waste oil and/or processed crude

Three 500-BBL tanks for handling end waste products, e.g., brine, BS

Two 100²-BBL tanks outfitted with 4" steam coils for the processing and treatment of waste oil

One steam generator rated at 1M BTUs or more

Two Bowie-type pumps with motors for moving fluid in and out of tanks

BEFORE EXAMINER STATES	
OIL CONSERVATION DIV.	
EXHIBIT NO.	1
CASE NO.	7661
Submitted by	Applicant
Hearing Date	9/1/82

One air compressor for air injection and other maintenance purposes

Supporting appurtenances such as office, pump house, septic tank, butane tank, fencing, bikes and such other structures as may be required for the safe and efficient operation of the proposed plant

FUTURE EXPANSION:

Economics of production trends may dictate the addition of tanks and other equipment to expand available capacity; future expansion specifically would be the future inclusion of one 1000-BBL treatment tank, one or two 500-BBL tanks for receiving and/or selling, one additional generator, and possibly one pump, waste tanks.

PROPOSED MODE OF OPERATIONS:

Basically, trucks carrying product of tank bottoms would drive to treatment or receiving tank at which time the plant operator would conduct a test of the product to determine the percentage oil and BSW in the truck. After the testing of the sample, the driver would be instructed to unload into one of the tanks, depending upon the relative test result. Eventually, of course, the waste oil product will go into the 1000-BBL treater tank, where it will be subjected to heating by virtue of 4"-diameter pipes arranged coil-like at an angle inside the tank, through the device of heating (stimulated by the steam generator), the occasional injection of air for turbulence and/or natural drip for cleaning, the reclaimable oil is separated from the BS&W and, after testing, is routed through pumps into the 250-BBL tanks where it becomes

available for sale. THE BS&W are routed through sump pumps into the waste tanks for appropriate disposal.

BOND:

Before beginning actual operations, applicant will have on file with the Oil Conservation Division a performance bond as required under Rule 312 or such other rules, regulations, and orders of the Division.

TOTAL VOLUME
OF PROPOSED DEVELOPMENT
ALL AMERICAN OIL PROCESSING
MALJAMAR, NEW MEXICO

Ex 2

ITEM	VOLUME PROPOSED		FUTURE EXPANSION	TOTAL
	EA	TOTAL		
A. 1000 BBL TREATMENT TANKS	6050.61(2)	12101.22(1)	6050.61	
B. 250 BBL SELL/RECEIVING TANKS	1457.14(4)	5828.59		
C. 500 BBL WASTE TANKS	3102.77(3)	9308.32		
D. 500 BBL SELL/REC. TANKS	3102.77		(2) 6205.54	
		27238.13	12256.15	39494.28

BEFORE EXAMINED BY _____
OIL CONSERVATION BOARD
EXHIBIT NO. 2
CASE NO. 7661
Submitted by _____
Hearing Date _____

2 - TREATERS 1000 BBL 21'-6" x 16'-0"

(A) DECK & BOTTOM CONES



$$A = \pi r^2$$

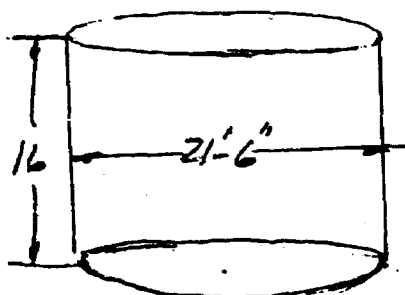
$$A = 3.1416 \times (10.75 \text{ ft})^2 = 363.05115 \text{ sq ft.}$$

$$V = \frac{1}{3} Ah$$

$$V = \frac{1}{3} \times 363.05115 \text{ sq ft} \times 1 \text{ ft} = 120.89603 \text{ cu ft.}$$

$$2 \text{ cones} = 241.79206 \text{ cu ft.}$$

(B)



TANK CYLINDER

$$V = \pi r^2 h$$

$$V = 3.1416 \times (10.75 \text{ ft})^2 \times 16 = 5808.8184 \text{ cu ft}$$

$$\underline{241.79206 \text{ cu ft}}$$

$$\text{TOTAL TANK VOL} = 6050.6104 \text{ cu ft.}$$

$$2 \text{ TANKS} = \underline{12101.22 \text{ cu ft}}$$

BEFORE E	PIER TARGETS
CIL CON	IN DIVISION
EXHIBIT NO.	3a-d
CASE NO.	7661
Submitted by	Applicant
Hearings date	9/1/82

4 - RECEIVER - SELLERS 250 BBL 11'-0" x 15'-0"

(A) DECK & BOTTOM CONES



$$A = \pi r^2$$

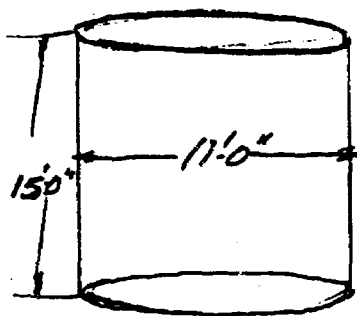
$$A = 3.1416 \times (5.5 \text{ ft})^2 = 95.2334 \text{ sq. ft.}$$

$$V = \frac{1}{3} Ah$$

$$V = \frac{1}{3} \times 95.2334 \text{ sq. ft.} \times .5 \text{ ft} = 15.82306 \text{ cu ft}$$

$$2 \text{ cones} = 31.64612 \text{ cu ft}$$

(B)



TANK CYLINDER

$$V = \pi r^2 h$$

$$V = 3.1416 \times (5.5 \text{ ft})^2 \times 15 \text{ ft} = 1425.501 \text{ cu ft}$$

$$\underline{31.64612 \text{ cu ft}}$$

$$\text{TOTAL TANK VOL.} \quad 1457.1471 \text{ cu ft}$$

$$4 \text{ TANKS} = \underline{5828.5884}$$

3- WASTE STORAGE/ DISPOSAL TANKS - 500 BBL 15'-6" x 16'-0"

(A)



(These tanks may be flat bottom)

$$A = \pi r^2$$

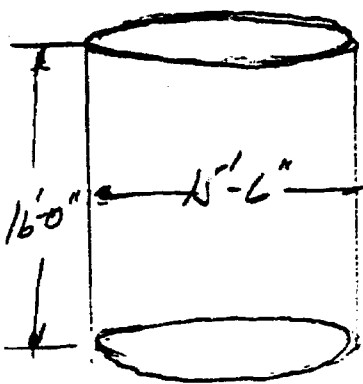
$$A = 3.1416 \times (7.75 \text{ ft})^2 = 188.69235 \text{ sq ft}$$

$$V = \frac{1}{3} Ah$$

$$V = \frac{1}{3} \times 188.69235 \times .666 = 41.847811$$

$$2 \text{ cones} = 83.695622 \text{ cu ft.}$$

(B)



TANK CYLINDER

$$V = \pi r^2 h$$

$$V = 3.1416 \times (7.75 \text{ ft})^2 \times 16 \text{ ft} = 3019.0776 \text{ cu ft}$$

	83.695622 cu ft
TOTAL TANK Vol	3102.7732 cu ft

$$3 \text{ TANKS} = \underline{9308.3196}$$

2- TREATERS	-	12107.22
4- RECEIVER/SELLERS	-	5828.59
3- WASTE STORAGE	-	<u>9308.32</u>
TOTAL VOL. ALL TANKS		27,238.13 cu ft.

PROPERTY = 5 ACRES

ENTIRE PERIMETER OF PROPERTY TO BE
FENCED WITH .5' CHAIN LINK FENCE TOPPED
BY 3 STRANDS OF BARBED WIRE

18" DIKE WILL ALSO BE PROVIDED FOR
ENTIRE PERIMETER (INSIDE FENCE) TO
CONTAIN SPILLS (CAPACITY = 326,700 cu ft.)

Dockets Nos. 29-82 and 30-82 are tentatively set for September 15 and September 29, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 26, 1982

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

CASE 7656: Application of Cities Service Company for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, pursuant to the provisions of Section 70-2-17 C, NMSA, 1978 Comp., and Paragraph (5) of Division Order No. R-6781, seeks a determination of reasonable well costs for two wells drilled under the provisions of said Order No. R-6781 by Doyle Hartman on lands pooled by said order.

CASE 7657: Application of Harvey E. Yates Company for non-rescission of Order No. R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the non-rescission of Order No. R-6873, which order pooled certain lands to be dedicated to a proposed Ordovician test well to be drilled thereon, being the W/2 of Section 18, Township 9 South, Range 27 East. Said order provided that should the unit well not be drilled to completion, or abandonment, within 120 days after commencement thereof, operator shall appear and show cause why the pooling order should not be rescinded.

CASE 7658: Application of Harvey E. Yates Company for a dual completion and downhole commingling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Seymour State #1 located in Section 18, Township 9 South, Range 27 East, in such a manner that Abo perforations from 4912 feet to 4929 feet would be commingled with Upper Atoka perforations from 5926 feet to 5952 feet and the aforesaid intervals dually completed with Lower Atoka perforations from 6008 feet to 6048 feet and produced through parallel strings of tubing.

Docket No. 28-82

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 1, 1982

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

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

CASE 7635: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-in-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J, Section 25, Township 15 North, Range 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7636: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-in-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit E of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7659: Application of Sun Exploration and Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian gas well drilled 660 feet from the North and West lines of Section 21, Township 7 South, Range 26 East, the N/2 of said Section 21 to be dedicated to the well.

CASE 7660: Application of Panley Petroleum, Inc. for salt water disposal, Roosevelt 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 3862 feet to 3874 feet in its State Well No. 1 located in Unit 8 of Section 16, Township 7 South, Range 33 East.

CASE 7661: Application of George Sardella and Gary Plemons 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 a site in the NW/4 NW/4 of Section 33, Township 16 South, Range 33 East.

CASE 7630: (Continued from August 4, 1982, Examiner Hearing)

Application of Ralph Nix for an oil treating plant permit, Eddy 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 a site in the SW/4 NE/4 of Section 18, Township 19 South, Range 26 East.

CASE 7662: Application of Carter Foundation Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Blaine-Cade Waterflood Project by converting its Mattix Federal Wells Nos. 2, 5, 6, located in Units C, E, and D, respectively, in Section 3, Township 24 South, Range 37 East, by the injection of water into the Queen formation.

CASE 7639: (Continued from August 18, 1982 Examiner Hearing)

Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz Abo, Drinkard and Blinberry Pool production in the wellbore of its S. J. Starkeys Lease Well No. 2, located in Unit 8 of Section 26, Township 21 South, Range 37 East.

CASE 7663: Application of Degan Production Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 18, Township 30 North, Range 14 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 7568: (Continued and Readvertised)

Application of Petroleum Corp. of Delaware for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Superior Federal Well No. 6 located in Unit 8 of Section 6, Township 20 South, Range 29 East, East Burton Flat Field, to produce oil from the Strawn formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 7651: (Continued from August 18, 1982, Examiner Hearing)

Application of Mortax Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.

CASE 7664: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Little Cuevo Unit Area, comprising 13,407 acres, more or less, of State and Fee lands in Township 17 South, Range 18 East.

CASE 7655: (Continued from August 18, 1982 Examiner Hearing)

Application of Yates Petroleum Corporation 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 NW/4 of Section 20, Township 7 South, Range 26 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 7665: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the W/2 of Section 35, Township 13 South, Range 35 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.

CASES 7666, 7667, 7668, and 7669: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the four following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7666: SW/4 Section 3;

CASE 7667: NW/4 Section 4;

CASE 7668: NW/4 Section 14;

All of the above being in Township 5 South, Range 24 East and

CASE 7669: NW/4 Section 2, Township 9 South, Range 25 East

CASE 7670: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 26, Township 14 South, Range 27 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 7648: (Continued from August 18, 1982 Examiner Hearing)

Application of Rio Pecos Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formation underlying the W/2 of Section 35, Township 18 South, Range 24 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 7642: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalamat Pool, underlying a previously approved 120-acre non-standard proration unit comprising the S/2 NE/4 and NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a previously approved unorthodox location. 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 7671: Application of Texas Eastern Developments, Inc. for an exception to Rule 307, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 307 of the Division Rules and Regulations to permit it to draw a vacuum on the Shiprock Gallup Oil Pool reservoir through 16 wells in Sections 15 and 17, Township 29 North, Range 18 West. Applicant further seeks an administrative procedure whereby it could extend the proposed vacuum system to include additional wells in the same reservoir.

CASE 7649: Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Mexico Natural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit M of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodgas No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West in San Juan County. Also the following Ballard-Pictured Cliffs replacement well in San Juan County: Newson No. 10-R in Unit M of Section 20, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7672: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning discovery allowable, contracting, and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Brushy Canyon production and designated as the Brushy Draw-Brushy Canyon Pool. Further, to assign approximately 25,410 barrels of discovery allowable to the discovery well, the J. C. Williamson UCBHWS Federal Well No. 1 located in Unit M of Section 25, Township 26 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 25: SW/4

- (b) CREATE a new pool in Lea County, New Mexico classified as an oil pool for San Andres production and designated as the Hobbs Channel-San Andres Pool. The discovery well is the Bass Enterprises Production Company Humble City Unit Well No. 1 located in Unit D of Section 36, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 36: NW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Humphreys Mill-Morrow Gas Pool. The discovery well is the Florida Exploration Company Reno Com Well No. 1 located in Unit D of Section 11, Township 25 South, Range 35 East, NNPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 35 EAST, NNPM
Section 11: W/2

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Justis-Abo Pool. The discovery well is the Santa Fe Energy Company Carlson B-25 Federal Well No. 3 located in Unit O of Section 25, Township 25 South, Range 37 East, NNPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NNPM
Section 25: SE/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the McMillan-Upper Pennsylvanian Gas Pool. The discovery well is the Southland Royalty Company Pecos River Federal 20 Com Well No. 1 located in Unit J of Section 20, Township 19 South, Range 27 East, NNPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NNPM
Section 20: E/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Mosley Canyon-Strawn Gas Pool. The discovery well is W. A. Moncrief, Jr., Jurnegan State Well No. 1 located in Unit C of Section 8, Township 24 South, Range 25 East, NNPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NNPM
Section 8: W/2

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the West Madine-Tubb Pool. The discovery well is the Tamarack Petroleum Company, Inc. Kornegay A Well No. 1 located in Unit F of Section 9, Township 20 South, Range 38 East, NNPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NNPM
Section 9: NW/4

- (h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Pitchfork Ranch-Morrow Gas Pool. The discovery well is the HSG Oil Company Madera 32 State Com Well No. 1 located in Unit C of Section 32, Township 24 South, Range 34 East, NNPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NNPM
Section 32: E/2

- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Yaso production and designated as the Seven Rivers-Yaso Pool. The discovery well is Chama Petroleum Corporation Irami Federal Well No. 1 located in Unit M of Section 34, Township 19 South, Range 25 East, NNPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NNPM
Section 34: SW/4

- (j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the East Skaggs-Abo Pool. The discovery well is the Texaco Inc. C. H. Weir A Well No. 12 located in Unit G of Section 12, Township 20 South, Range 37 East, NNPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NNPM
Section 12: NE/4

- (k) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Teague-Tubb Pool. The discovery well is the Alpha Twenty-One Production Company Lea Well No. 2 located in Unit A of Section 17, Township 23 South, Range 37 East, NNPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NNPM
Section 17: NE/4

- (l) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Townsend-Devonian Pool. The discovery well is the Kimbark Oil and Gas Company New Mexico 1-4 State Oil Well No. 1 located in Unit N of Section 4, Township 16 South, Range 35 East, NMPN. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPN
Section 4: Lots 11, 12, 13, and 14

- (m) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Welch-Bone Spring Pool. The discovery well is the Quesada Petroleum, Inc. Ray B Federal Oil Well No. 1 located in Unit K of Section 9, Township 26 South, Range 27 East, NMPN. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 27 EAST, NMPN
Section 9: SW/4

- (n) CONTRACT the horizontal limits of the Buckeye-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPN
Section 3: W/2 NW/4

- (o) CONTRACT the horizontal limits of the Vacuum-Abo Reef Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPN
Section 3: E/2 NW/4

- (p) EXTEND the Antelope Sink-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPN
Section 13: N/2
Section 14: N/2

- (q) EXTEND the West Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPN
Section 20: NW/4

- (r) EXTEND the Atoka-Yesc Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPN
Section 26: E/2

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

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPN
Section 5: NW/4
Section 6: E/2

- (t) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPN
Section 14: N/2 S/2 and NE/4

- (u) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPN
Section 3: S/2
Section 4: All

- (v) EXTEND the Comanche Stateline Tansill-Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPN
Section 26: NW/4
Section 27: NE/4 and E/2 NW/4

- (w) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, N2PM
Section 35: S/2
Section 36: W/2

- (x) EXTEND the South Empire-Wolfcamp Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, N2PM
Section 36: E/2 NE/4

TOWNSHIP 17 SOUTH, RANGE 29 EAST, N2PM
Section 31: NW/4 and S/2 NE/4

- (y) EXTEND the Forty Miner Ridge-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, N2PM
Section 16: SE/4

- (z) EXTEND the Hardy-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, N2PM
Section 2: Lots 11, 12, 13, 14, and S/2
Section 11: NW/4

- (aa) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, N2PM
Section 20: NW/4

- (bb) EXTEND the West Milnesand-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, N2PM
Section 19: W/2

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

TOWNSHIP 5 SOUTH, RANGE 33 EAST, N2PM
Section 30: SE/4
Section 31: N/2 NE/4

TOWNSHIP 6 SOUTH, RANGE 33 EAST, N2PM
Section 15: S/2

- (dd) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, N2PM
Section 18: NE/4 and S/2 SE/4

- (ee) EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, N2PM
Section 23: S/2
Section 26: N/2

- (ff) EXTEND the West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, N2PM
Section 17: S/2
Section 20: All

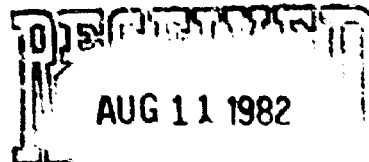
- (gg) EXTEND the Saunders Permian-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, N2PM
Section 21: NE/4

ERNEST L. PADILLA
ATTORNEY AND COUNSELOR AT LAW

P.O. Box 2523
Santa Fe, New Mexico 87501
(505) 988-7577

August 11, 1982



Mr. Joe Ramey
Oil Conservation Division
Post Office Box 2088
Santa Fe, N.M. 87501

Re: Application of George Sardella and Gary Plemans
for a Treating Plant Permit, Lea County, New Mexico

Dear Mr. Ramey:

(Page 7 of 1)

Enclosed for filing with the Oil Conservation Division are three copies of the above-referenced Application. We would appreciate having the date for hearing set for September 1, 1982.

Thank you for your consideration of this request.

Very truly yours,

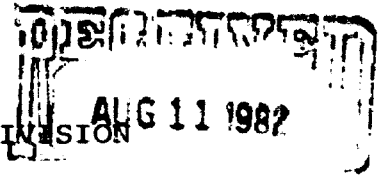
Ernest L. Padilla

ELP:PFM
Enclosures

BEFORE THE OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY AND MINERALS'

STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION
OF GEORGE SARDELLA AND GARY PLEMANS
FOR A TREATING PLANT PERMIT, LEA
COUNTY, NEW MEXICO }

Case

APPLICATION

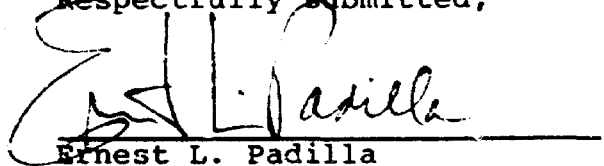
COME NOW George Sardella and Gary Plemans, by their undersigned attorney, and hereby make application for a treating plant permit to reclaim sediment oil and tank bottoms and in support of this application would show the Division:

1. That their principal place of business is located in Lea County, New Mexico.
2. That this application is made pursuant to the provisions of Rule 312 of the rules and regulations of the New Mexico Oil Conservation Division.
3. That the proposed location of the treating plant is in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 33, Township 16 South, Range 33 East, N.M.P.M., Lea County, New Mexico.
4. That the type and capacity of the plant are:
 - (a) of sufficient volume and design to store incoming product and treat same through heating and steam treaters and
 - (b) that the total actual capacity of the plant is dependent upon the amount of incoming product.

WHEREFORE, the applicants request that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on September 1, 1982,

that notice be given as required by law and the rules of the Division, and that this application for a treating plant permit be approved.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Ernest L. Padilla", is written over a horizontal line.

Ernest L. Padilla
Post Office Box 2523
Santa Fe, NM 87501

Attorney for Applicants

DIANE

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:

BR *JSR*

John

CASE NO. 7661

Order No. R-7074

WDD

APPLICATION OF GEORGE SARDELLA AND
GARY PLEMANS FOR AN OIL TREATING
PLANT PERMIT, LEA COUNTY, NEW MEXICO.

m.s.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 1, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of September, 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 applicants, George Sardella and Gary Plemans, seek authority to construct and operate a chemical and heat-treatment type oil treating plant at their salt water disposal site in the NW/4 NW/4 of Section 33, Township 16 South, Range 33 East, NMPM, Lea County, New Mexico, for the processing of ~~approximately _____ barrels per day of raw~~ material from tank bottoms, disposal water, and waste pits.

4500-barrel
Capacity

(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 applicants, George Sardella and Gary Plemans, ~~are~~ hereby authorized to install and operate a chemical and heat-treatment type oil treating plant at ~~the~~^{their} salt water disposal site in the NW/4 NW/4 of Section 33, Township 16 South, Range 33 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 applicants 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 operators 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

