

Case No.

1332

Application, Transcript,
Small Exhibits, Etc.

CASE 1332 Appl. of I & W Hot Oil Serv.
Inc. for an order authorizing it to operate
several treating plants in Eddy and Lea
Counties, New Mexico.

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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
October 24, 1957

TRANSCRIPT OF HEARING

CASE NO. 1332

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
October 24, 1957

IN THE MATTER OF:)

Application of I & W Hot Oil)
Service, Inc., for an order)
authorizing it to operate)
several treating plants in)
Eddy and Lea Counties, New)
Mexico. Applicant, in the)
above-styled cause, seeks)
an order authorizing it to)
operate treating plants)
for the purpose of treating)
and reclaiming tank bottom)
emulsion and other waste)
oils at the following)
locations: On the Malco)
Pipeline approximately)
twelve miles East of)
Artesia, New Mexico.)

On the Texas-New Mexico)
Pipeline at Loco Hills)
and Maljamar, New Mexico,)
and at such other places)
where such treating)
plants are required.)

CASE NO.
1332

BEFORE:

DANIEL S. NUTTER, Examiner:

TRANSCRIPT OF HEARING

MR. NUTTER: Next case this morning will be case No. 1332.

MR. COOLEY: Case No. 1332. Application of I & W Hot Oil
Service, Inc., for an order authorizing it to operate several

treating plants in Eddy and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing it to operate treating plants for the purpose of treating and reclaiming tank bottom emulsion and other waste oils at the following locations:

On the Malco Pipeline approximately twelve miles East of Artesia, New Mexico.

On the Texas-New Mexico Pipeline at Loco Hills and Maljamar, New Mexico, and at such other places on pipelines within the State of New Mexico where such treating plants are required.

MR. SIEGENTHALER: William M. Siegenthaler, Post Office Box 338, Artesia, New Mexico, appearing for the applicant, and I have two witnesses.

(Witnesses sworn)

JAMES M. WINDHAM

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. SIEGENTHALER:

Q State your name, please sir?

A James M. Windham.

Q You are the president of I & W Hot Oil Service, Incorporated, is that correct?

A That is correct.

Q That's a New Mexico corporation?

A It is.

Q And incorporated in December of 1956?

A That is right.

Q And what business have you been in, Mr. Windham, since you incorporated?

A The hot oil service. In other words --

Q Treating and heating --

A Yes.

Q -- oil for the servicing of wells and the treating of wells?

A Yes, sir, and tanks.

Q Now, you made this application, Mr. Windham, to locate treating, a portable treating plant, is that correct?

A That is right, sir.

Q And what equipment will you use in that treating of the oil?

A We'll use portable hot oil units and acetylene tanks.

Q Do you have that portable unit now?

A I do.

Q And you have been using it in your business?

A I have.

Q And the acetylene tanks will be portable or permanently located?

A They will be permanently located.

Q You have stated in your application here three locations.

one approximately twelve miles East of Artesia on the Malco Pipe-
line?

A Yes, sir.

Q Is that correct?

A Yes, sir.

Q And you will have acetylene tanks there?

A Yes, sir.

Q Now, in order to treat this oil there will you move your
portable heating unit to that location?

A Yes, sir.

Q And from one location to another?

A Yes, sir.

Q Now, the next location is on the Texas-New Mexico Pipe-
line at Loco Hills?

A Yes, sir.

Q You have a map of the State of New Mexico there, sir?

A Yes, sir, I do.

Q Could you locate on that map by designation and have
you located by pencil or pen there the three locations?

A Yes, sir, I have.

Q And the first location is the Malco location on the
south side of the highway, east of Artesia, right under the figure
12, is that correct?

A That is right.

Q And now, the second location in the application was at Texas-New Mexico at Loco Hills?

A Yes, sir.

Q Texas-New Mexico Pipeline. And have you located that on your map, sir, by pencil?

A Yes, sir.

Q Pen?

A Yes, sir, I have.

Q And that is a little west of Loco Hills on the south side of Highway 83, is that correct?

A Yes, sir.

Q And you have located that and that is approximately five miles south of Maljamar?

A Approximately, yes, sir.

Q Now, your application also calls for such other locations as treating plants are required and needed on the pipelines. If there were other locations that you were to serve you would meet whatever requirements the Oil and Gas Conservation Commission would have in the location of those?

A Yes, sir.

Q Before you treated any oil at those locations, you would meet the requirements whatever requirements they have, sir?

A Yes, sir.

Q Now, are you, have you made any arrangements to make

7
the \$25,000.00 bond required under Rule 312 for treating plants?

A I have, sir.

Q And you can make that bond?

A Yes, sir.

Q You can furnish any and all tanks or treating equipment that's required to treat this oil?

A I can.

Q And tank bottoms?

A Yes, sir.

Q And would you meet all the requirements of the United States Geological Survey and the Oil Conservation Commission as to the oil that you treated and would you keep the complete records so that the lease holders and the royalty owners would all get their share of the oil that you treated?

A Yes, sir.

Q The other officers of your company are, who are they, sir?

A Mr. Lowell Irby, vice-president.

Q He lives in Artesia?

A Yes, sir.

Q And your wife is secretary of the corporation?

A That is right, sir.

MR. SIEGENTHALER: Does the commission have any questions.

MR. COOLEY: Off the record.

Q (By Mr. Siegenthaler) If you were to locate any other treating plants on the pipelines would you first prove the need of that location to the commission before you installed it and started operating?

A Yes, sir, by all means.

Q And these three locations that you designated in your application, they are the three that you are going to operate from until such time as you come back to the commission?

A Yes, sir.

Q All right. Now, have you had requests for this service, Mr. Windham?

A Yes, sir, I have.

Q From whom, can you tell us?

A Mr. Tom Boyd, an independent operator and the Superintendent of Western Development, Mr. Bob Hanson.

Q All right. From others?

A I have had indication that they would like to have this service.

Q All right. You have an operating witness here with you today?

A Yes, sir.

Q And who is that?

A Mr. Duke Alexander.

Q Who is he with?

A Texas Consolidated.

Q That's a production company?

A Yes.

MR. SIEGENTHALER: Does that meet your requirement,
Mr. Cooley?

(Discussion off the record)

MR. COOLEY: Yes, it does.

BY MR. NUTTER:

Q Mr. Windham, at the three locations that you have
proposed to install the treating plants will there be any actual
physical equipment installed at those locations?

A Yes, there will be acetylene tanks and the necessary
tanks on the pipeline to hold the commodity.

Q You will install tanks at each of these three locations?

A Yes, sir.

Q But the treating plant itself will be a portable treating
plant that can be moved from one to the other --

A Yes, sir.

Q -- of the locations?

A It is a portable hot oil unit.

Q The treating plant is a part of the plant?

A The treating unit, yes, sir.

Q Is a part of the plant?

A Yes, sir, it will be.

Q And the tanks at the three locations constitute the remainder of the unit?

A Yes, sir.

Q Now, what will be the source of the oils that you will process in this treating plant?

A Tank bottoms and waste oils obtained by the permission of the commission.

Q Now, the source of these oils will be from individual operators who have requested that you remove the tank bottoms from tanks on their leases, is that correct?

A Yes, sir.

Q And you have already enumerated several that have made that request of you?

A Yes.

Q And you have expectations that there may be other sources of oil?

A Yes.

Q But these other sources will be tank bottoms from other operators?

A That's true, sir.

Q And the oils will be trucked to these tanks at the three locations that you have specified?

A Yes, sir.

Q And then transferred to the pipelines adjacent to the

individual units?

A Yes, sir, that is right.

Q Mr. Windham, I think you stated that you would be treating tank bottoms and other waste oils. What are these other waste oils?

A Pit oil that in the completion of a well a lot of times they have --

MR. COOLEY: Speak up, Mr. Windham.

A -- they have in completion of wells a lot of times there's pit oil that is wasted and with this process it could be saved.

BY MR. COOLEY:

Q Mr. Windham, I didn't catch your answer to Mr. Siegenthaler's questions concerning the \$25,000.00 bond. Did you say you have already secured that bond?

A No, sir, but I have a man that will, Mr. Eddy Ward, in the, an insurance dealer in Artesia, that said that I could get the bond through him.

Q And upon obtaining approval from this commission to operate treating plants at the three locations you would tender such a bond to the commission?

A Yes, sir.

Q Do you understand that the order will be written contingent upon filing that bond?

A That's true.

MR. NUTTER: Any other questions of the witness? Mr. Ute?

BY MR. UTZ:

Q In regard to the waste oils will there be any other source of the waste oils run in the pits other than the water in the pits as a result of oil completions, would that be the only source of waste oils?

A Possibly pipeline storage tanks, but according to the commission there's no form that has to be filled out on that, because it has already been charged out to the allowable.

Q You don't anticipate there being any waste oils in the pits here in the tank battery which is used in tank bottoms, you will pick that up from the tanks directly?

A Yes, sir.

Q The waste oil? That's all.

MR. NUTTER: Any other questions of the witness?

BY MR. COOLEY:

Q You understand, Mr. Windham, there are certain commission forms that you would be required to file in the event your application is approved?

A Yes, sir.

Q And you will note in paragraph 8 of Rule 312 that the permit if granted will be valid for only one year?

A Yes, sir.

MR. COOLEY: I have no further questions.

MR. NUTTER: Any further question of the witness? If not

he may be excused.

(Witness excused)

U. M. ALEXANDER

having been first duly sworn, testifies as follows:

DIRECT EXAMINATION

BY MR. SIEGENTHALER:

Q State your name, please, sir?

A U. M. Alexander.

Q Who are you employed by, Mr. Alexander?

A Texas Consolidated Oils.

Q Are you the production superintendent?

A No.

Q What's your capacity, what job do you hold?

A Foreman, roustabout foreman.

Q All right, sir. You have heard Mr. Windham explain what he's trying to do there to treat this oil, and in tank bottoms and waste oil in pits?

A Yes.

Q Is that needed in the Loco Hills-Maljamar-Artesia area?

A Yes, sir, I believe it is.

Q And you are supporting that because you think that service is needed?

A Yes, sir.

Q How long have you been in the field there, Mr. Alexander?

A About seven and a half years.

Q And is there quite a lot of waste from oil in pits and tank bottoms as it's now handled?

A Yes, especially tank bottoms.

Q And what do they do, burn, that, just take it out and burn it?

A Yes, just rake it out and burn it?

Q And that's a completed well?

A That's complete.

Q By this method it will salvage what good oil there is in the tank bottom?

A Yes.

MR. NUTTER: Mr. Alexander, you are familiar with specific instances in which tank bottoms have been run out on the ground or in pits and burned, and these tank bottoms could be salvaged and merchantable oil could be obtained by such a plant as proposed by I & W Service here today?

A Yes.

MR. NUTTER: Any further questions of the witness? If there are no questions, the witness may be excused.

(Witness excused)

MR. NUTTER: Anyone have anything further they wish to offer in Case 1332? If nothing further in the case we'll take the case under advisement.

MR. COOLEY: Let the record in Case 1332 show that Exhibit One, being a map of the State of New Mexico, showing the three proposed locations for the treating plants by I & W Hot Oil Service, Incorporated, was offered in evidence and received.

STATE OF NEW MEXICO)
 : §§
COUNTY OF BERNALILLO)

I, MARIANNA MEIER, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me and/or under my personal supervision; that same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the day of November, 1957, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

NOTARY PUBLIC

My Commission Expires:
April 8, 1960.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1331, heard by me on 10-24, 1957.
James H. Butler Examiner
New Mexico Oil Conservation Commission

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1332
Order No. R-1086

APPLICATION OF I & W HOT OIL SERVICE,
INC., FOR AN ORDER AUTHORIZING THE
OPERATION OF SEVERAL OIL TREATING
PLANTS FOR TANK BOTTOM EMULSION AND
OTHER WASTE OILS IN EDDY AND LEA
COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 24, 1957, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd day of November, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, I & W Hot Oil Service, Inc., proposes to construct and operate oil treating plants for the purpose of treating and reclaiming tank bottom emulsion and other waste oils at the following locations in Eddy and Lea Counties, New Mexico:

Adjacent to the Malco Pipeline approximately
12 miles East of Artesia, New Mexico,

Adjacent to the Texas-New Mexico Pipeline near
Loco Hills, New Mexico, and

Adjacent to the Texas-New Mexico Pipeline near
Maljamar, New Mexico.

(3) That there is a need for the establishment and operation of said plants at the above-described locations.

(4) That said plants will salvage oil which would otherwise be wasted.

(5) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, I & W Hot Oil Service, Inc., be and the same is hereby granted a permit to construct and operate oil treating plants for the purpose of treating and reclaiming tank bottom emulsion and other waste oils at the following locations in Eddy and Lea Counties, New Mexico:

Adjacent to the Malco Pipeline approximately
12 miles East of Artesia, New Mexico,

Adjacent to the Texas-New Mexico Pipeline
near Loco Hills, New Mexico, and

Adjacent to the Texas-New Mexico Pipeline
near Maljamar, New Mexico.

PROVIDED HOWEVER, That, prior to commencing operation of said plants, the applicant shall file with the Commission a surety bond of performance, satisfactory to the Commission, payable in the amount of \$25,000.00 to the Oil Conservation Commission of the State of New Mexico and conditioned upon the operation of said plants in accordance with the Rules and Regulations of the Oil Conservation Commission of New Mexico.

IT IS FURTHER ORDERED:

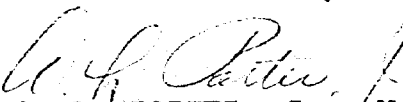
That the term of this authority to operate the above-described oil treating plants shall be a period of one year from the effective date of this order, and that the applicant, I & W Hot Oil Service, Inc., may make application to the Commission for extension not less than 30 days prior to the date of expiration of said authority.

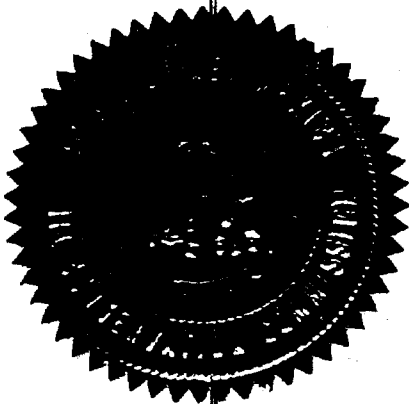
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EDWIN L. MECHEM, Chairman


MURRAY E. MORGAN, Member


A. L. PORTER, Jr., Member & Secretary



OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

November 13, 1957

Mr. William M. Siegenthaler
P.O. Box 338
Artesia, New Mexico

Dear Sir:

On behalf of your client, I & W Hot Oil Service, Inc., we enclose two copies of Order R-1086 issued November 13, 1957, by the Oil Conservation Commission in Case 1332, which was heard on October 24th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

C
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Y

Case 1332

MAIL OFFICE OCC
1957 SEP 22 AM 1:17

NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Attention: Mr. Pete Porter, Jr.
Secretary and Director

*Applicant
Qualified to
do business in
New Mexico on
Dec. 28, 1956
w/pe*

Gentlemen:

This letter is written for and on behalf of I & W HOT OIL, INC., a New Mexico corporation, with its principal place of business at Artesia, New Mexico. The Officers of this corporation, are:

JAMES M. WINDHAM, President

LOWELL M. IRBY, Vice-President

CLARA WINDHAM, Secretary-Treasurer

all of whom are residents of Artesia, New Mexico. This corporation desires to make application under Commission Rules 311 and 312 for permits required for cleaning tank bottoms and for a treating plant, and in support thereof, states as follows:

1. That the applicant is now the owner of a portable hot oil unit and tank truck which will meet all of the requirements of the State of New Mexico for the transportation over the highways of the State of New Mexico, which equipment will be used in cleaning, heating, treating and processing tank bottom emulsion and other waste oils with the capacity of 100 barrels per hour.

2. The applicant will place at each location the necessary settling and storage tanks to be used in the cleaning, heating, treating and processing of the tank bottom emulsion and other waste oils, said locations being set out hereinbelow.

3. It is proposed by the applicant that if this permit is granted the location of the cleaning, heating, treating and processing plants will be on (a) Malco Pipeline

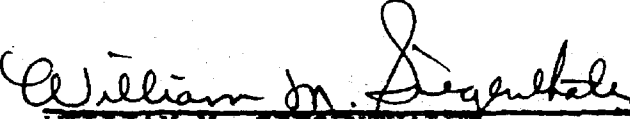
approximately twelve miles East of Artesia, New Mexico,
(b) on Texas-New Mexico Pipeline at Loco Hills, New Mexico,
(3) on Texas-New Mexico Pipeline at Maljamar, New Mexico,
and at such other places on pipelines within the State of
New Mexico where cleaning, heating, treating and processing
of tank bottom emulsions and other waste oils is required.

? { The Oil Conservation Commission to be notified of the exact
location and approval obtained before actual installation is
made.

4. The applicant stands ready, willing and able
to file with the Commission a \$25,000 surety bond, which
will be acceptable to the Commission.

The applicant would appreciate notice of the time
and place of hearing and hereby extends an invitation for
the hearing to be held in Artesia, New Mexico. If the hear-
ing of the Commission is to be held in Artesia, New Mexico,
please notify the writer and he will secure the place for
the hearing and make the necessary arrangements.

Respectfully submitted,


WILLIAM M. SIEGENTHALER
Attorney for Applicant
P. O. Box 338
Artesia, New Mexico

Case 1332

MAIN OFFICE
1957 SEP 27 PM 1:17
LAW OFFICES
WILLIAM M. SIEGENTHALER
P. O. Box 338 Carper Building Sherwood 6-3151
ARTESIA, NEW MEXICO

September 26, 1957

New Mexico Oil Conservation
Commission
Santa Fe, New Mexico

Attention: Mr. Pete Porter, Jr.
Secretary and Director

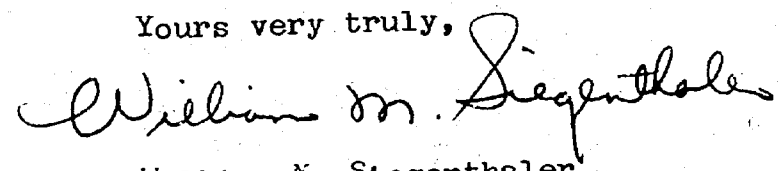
Re: I & W Hot Oil, Inc.

Dear Sir:

I am enclosing herewith an original and two copies of
an Application, in the form of a letter, of I & W Hot
Oil, Inc., for permits required for cleaning tank
bottoms and for a treating plant.

We would appreciate a reply to this Application, at
an early date.

Yours very truly,



William M. Siegenthaler

WMS/bk
Enc.

cc Mr. M. L. Armstrong
Oil Conservation Commission
Carper Building
Artesia, New Mexico

cc Mr. James M. Windham
President, I & W Hot Oil, Inc.
701 N. 16th
Artesia, New Mexico

Case 1332

MAIN OFFICE OCC
1957 OCT 4 PM 1:00

LAW OFFICES
WILLIAM M. SIEGENTHALER
P. O. Box 338 Carper Building Sherwood 6-3151
ARTESIA, NEW MEXICO

October 3, 1957

Mr. William J. Cooley
Attorney Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Re: I & W Hot Oil Service, Inc.

Dear Jack:

In the Application I inadvertently stated that the name of the Applicant was "I & W HOT OIL, INC", wherein it should have been "I & W HOT OIL SERVICE, INC".

I would appreciate you having your records reflect this amendment in the name of the applicant, or if necessary we will do it on the day the application is heard.

Yours very truly,

William M. Siegenthaler

William M. Siegenthaler

WMS/bk

*Docket mailed 10-8-57
BP*