

Case No.

1507

Application, Transcript,
Small Exhibits, Etc.

[REDACTED]

1

[REDACTED]

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

June 26, 1969

General Petroleum, Inc.
Hobbs, New Mexico

Attention: Mr. Mack Easley

Gentlemen:

Reference is made to your application for the transfer of location of an oil treating plant.

It is understood that you propose to move the oil treating plant presently located adjacent to the Shell Pipeline Corporation's pipeline approximately 3 miles south of Hobbs, New Mexico, to a location north of Tatum, New Mexico, in the NW/4 of Section 21, Township 12 South, Range 36 East, MPM, Lea County, New Mexico.

It is further understood that no material change will be made in the type or capacity of said plant.

You are hereby authorized to change the location of the subject oil treating plant as proposed.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/GMH/ear

cc: Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico

C
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P
Y

MACK EASLEY
WARREN F. REYNOLDS

EASLEY & REYNOLDS
LAWYERS
210 NORTH TURNER, P. O. BOX 638
HOBBS, NEW MEXICO 88240

TELEPHONE
393-4155

June 23, 1969

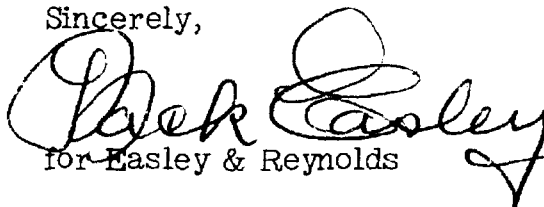
Mr. A. L. "Pete" Porter
Oil Conservation Commission
Land Office Building
Santa Fe, New Mexico

Re: General Petroleum, Inc.

Dear Mr. Porter:

We enclose original and one copy of Application of General Petroleum, Inc. for the transfer of the location of its oil treating plant for Commission handling.

Sincerely,


for Easley & Reynolds

ME:kc
Encls.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF GENERAL PETROLEUM, INC.
FOR THE TRANSFER OF LOCATION OF OIL
TREATING PLANT.

APPLICATION

Applicant states:

1. By order of the Commission, No. R-1251, in Case No. 1507 before the Oil Conservation Commission on the 29th day of September, 1958, applicant was granted a permit to construct and operate an oil treating plant for the purpose of treating and reclaiming tank bottom emulsion and other waste oils at a location adjacent to the Shell Pipeline Corporation's pipeline approximately 3 miles south of Hobbs, New Mexico.

2. Applicant desires to transfer the location of this oil treating plant to a tract of land north of the Village of Tatum described as follows:

A tract of land situated in the Northwest Quarter (NW/4) of Section 21, Township 12 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and more particularly described as follows:

Beginning at a point which lies North $0^{\circ} 02'$ West, 3,460 feet and South $89^{\circ} 59'$ East 40 feet from the Southwest corner of Section 21, thence North $0^{\circ} 02'$ West 208.75 feet, thence South $89^{\circ} 59'$ East 208.75 feet, thence South $0^{\circ} 02'$ East 208.75 feet, thence North $89^{\circ} 59'$ West 208.75 feet to the point of beginning.

3. Applicant has on file a good and sufficient bond as called for by the laws, rules and regulations of the State of New Mexico.

4. The type and capacity of the plant now located three miles south of Hobbs is well known to the Commission staff; and the plant to be located near Tatum will be of like type and capacity.

WHEREFORE, applicant prays that the Commission authorize the transfer of the oil treating plant from the location three miles south of Hobbs to the new location near Tatum, New Mexico, as described above.

EASLEY AND REYNOLDS

BY:

A handwritten signature in cursive script, appearing to read "Jack Easley", written over a horizontal line.

ATTORNEYS FOR APPLICANT

Post Office Box 638
Hobbs, New Mexico

**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

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

**CASE NO. 1597
Order No. B-1251**

**APPLICATION OF LEA COUNTY DRIP COMPANY,
INC., FOR AN ORDER AUTHORIZING THE
OPERATION OF TWO OIL TREATING PLANTS FOR
TANK BOTTOM EMULSION AND OTHER WASTE OILS
COLLECTED FROM LEASES IN LEA, HEDY, CHAVES,
AND ROOSEVELT COUNTIES, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 10, 1958, at Santa Fe, New Mexico, before Daniel S. Mutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 29th day of September, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Daniel S. Mutter, 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, Lea County Drip Company, Inc., proposes to construct and operate two oil treating plants for the purpose of treating and reclaiming tank bottom emulsion and other waste oils at the following locations in Lea County, New Mexico:

(a) Adjacent to the Shell Pipeline Corporation's pipeline approximately three miles South of Hobbs, New Mexico.

(b) Adjacent to the Shell Pipeline Corporation's Eunice Station approximately five miles West of Eunice, New Mexico.

-2-

Case No. 307
Order No. R-1251

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

(4) That the subject application should be approved.

IT IS THEREFORE ORDERED:

That the applicant, Lea County Drip Company, Inc., be and the same is hereby granted a permit to construct and operate two oil treating plants for the purpose of treating and reclaiming tank bottom emulsion and other waste oils at the following locations in Lea County, New Mexico:

(a) Adjacent to the Shell Pipeline Corporation's pipeline approximately three miles South of Hobbs, New Mexico.

(b) Adjacent to the Shell Pipeline Corporation's Eunice Station approximately five miles West of Eunice, New Mexico.

PROVIDED HOWEVER, That prior to commencing operation of said plants, the applicant shall file a performance bond with the Commission payable in the amount of \$25,000 to the Oil Conservation Commission of the State of New Mexico, conditioned upon the operation of said plants in accordance with the applicable Statutes of the State of New Mexico and the Rules, Regulations, and Orders of the Oil Conservation Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. J. Nechem

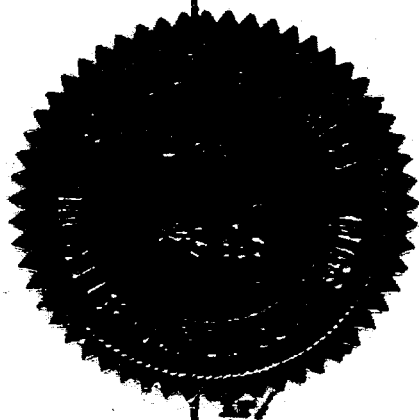
EDWIN L. NECHEM, Chairman

Murray E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

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



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

March 31, 1959

Mr. H. Randolph Reese
P. O. Box 2405
Hobbs, New Mexico

Dear Sir:

Reference is made to your letter of March 26, 1959, concerning the location of a treating plant for General Petroleum, Inc.

We feel that Commission Order No. R-1251 is broad enough to allow the Hobbs Treating Plant to be installed in the NW/4 of Section 11, Township 19 South, Range 38 East, Lea County, New Mexico, without a hearing to amend said order.

Incidentally, please advise the surety company on the treating plant bond to execute a rider stating that, the bond covers the operations of General Petroleum, Inc., formerly Lea County Drip Company, Inc.

Very truly yours,

OLIVER E. PAYNE
General Counsel

OEP/ir

cc: Mr. Randall F. Montgomery
Oil Conservation Commission - Hobbs, New Mexico

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P
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MAX N. EDWARDS

N. RANDOLPH REESE

EDWARDS & REESE

ATTORNEYS AT LAW

203 NORTH LINAM P.O. BOX 2405

TELEPHONE EXPRESS 3-2181

HOBBS, NEW MEXICO

March 26, 1959

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Re: Case No. 1507
Order No. R-1254

Gentlemen:

This is to advise you that the first oil treating plant under the above Order has been completed by General Petroleum, Incorporated, formerly Lea County Drip Company, Inc. This plant is to be designated as the Hobbs Plant, and is located in the NW $\frac{1}{4}$, Section 11, T19S, R38E, N.M.P.M., and will be in place of the location designated in the Order. If it is necessary to do anything further to amend the Order concerning this location, please advise and we will comply.

As noted above, the name of the licensee has been changed by order of the State Corporation Commission in January, 1959. This was strictly a change in name and the corporate structure and ownership was in no manner changed.

Very truly yours,

EDWARDS & REESE

N. Randolph Reese
N. Randolph Reese

NRR/fh

*Check
copy
adp*

*2 miles
from
plant (a)
location*

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 29, 1958

C
O
P
Y

**Mr. Randolph Reese, Attorney
103 North Turner
Hobbs, New Mexico**

Dear Mr. Reese:

**On behalf of your client, Lea County Drip Company, Inc.,
we enclose two copies of Order R-1251 issued September 29, 1958,
by the Oil Conservation Commission in Case 1507, which was heard
on September 10th at Santa Fe before an examiner.**

Very truly yours,

**A. L. Porter, Jr.
Secretary - Director**

**bp
Encls.**

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date September 11, 1958

CASE NO. 1507

HEARING DATE 9/10/58 9 a.m. DSN Santa Fe

My recommendations for an order in the above numbered case(s) are as follows:

Enter an order authorizing Lea County Drip Company, Inc., to construct two waste oil treating plants in Lea County, New Mexico, to treat waste oil and tank bottoms collected from leases in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico. Location of the plants is as follows:

Adjacent to the Shell Pipeline ^{Corporation's} Hobbs Station approximately three miles South of Hobbs, New Mexico.

Adjacent to Shell Pipeline ^{Corporation's} Eunice Station approximately five miles West of Eunice.

Use I & W Hot Oil Service, Inc. ^{order} ~~case~~ as guide for this order.

Staff Member

Daniel S. Nutter

ir/

DOCKET: EXAMINER HEARING SEPTEMBER 10, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Daniel S. Nutter, Examiner:

- CASE 1196:** Application of The Ibex Company for permission to expand a pilot water flood project in the Artesia Pool, Eddy County, New Mexico, and for six unorthodox well locations. Applicant, in the above-styled cause, seeks an order permitting the expansion of its Artesia Pilot Water Flood project No. 2, authorized by Order No. R-966 in the Artesia Pool, Eddy County, New Mexico, to include eight additional water injection wells in Sections 21 and 28 of Township 18 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks an order authorizing six unorthodox well locations in said Sections 21 and 28.
- CASE 1498:** Application of El Paso Natural Gas Company for permission to conduct maximum pressure build-up tests and for the non-cancellation and/or transfer of allowables for test wells. Applicant, in the above-styled cause, seeks an order authorizing it to conduct maximum pressure build-up tests on seventeen gas wells in the Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, South Blanco-Pictured Cliffs, and Blanco Mesaverde Gas Pools in San Juan and Rio Arriba Counties, New Mexico. Applicant further requests the non-cancellation of allowable accruing to test wells during the test period and for authority to transfer said allowables to other wells on the same basic lease, and for such other relief as is necessary to properly conduct said tests.
- CASE 1499:** Application of Sinclair Oil and Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 240-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the SW/4 and the S/2 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's J. R. Cone "A" Well No. 1, located 660 feet from the South and West lines of said Section 26.
- CASE 1500:** Application of Sinclair Oil and Gas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the SW/4 and the SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's J. R. Cone "A" Well No. 2, located 1980 feet from the South line and 660 feet from the West line of said Section 26.

- CASE 1501:** Application of Continental Oil Company for a dual completion and for permission to commingle the liquids produced from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing a gas-gas dual completion for its Fritti B-15 Well No. 9, located 1980 feet from the South and East lines of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from an undesignated Tubb Gas pool and the production of gas from an undesignated Blinebry gas pool. Applicant further seeks permission to commingle the liquids produced from said well from the two above-named pools.
- CASE 1502:** Application of The Pure Oil Company for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of salt water through its State Lea "E" No. 1 Well, located 1980 feet from the North and East lines of Section 21, Township 16 South, Range 34 East, Lea County, New Mexico. Said well is a producing oil well in the Kemnitz-Cisco Pool and the applicant proposes to inject salt water through the annulus between the 8 5/8" and 5 1/2" casing. The proposed injection zone is from 4,527 feet to 9,450 feet.
- CASE 1503:** Application of The Pure Oil Company for permission to commingle the production from two separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing the commingling of oil produced from the Kemnitz-Cisco Pool and the Kemnitz-Wolfcamp Pool on its State-Lea "E" Lease located in Section 21, Township 16 South, Range 34 East, Lea County, New Mexico. The applicant proposes to separately meter the production from each pool prior to commingling.
- CASE 1504:** Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 8, located 330 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Fusselman formation adjacent to the Justis-Fusselman Pool and oil from an undesignated Montoya pool through parallel strings of tubing.
- CASE 1505:** Application of Gulf Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Learcy McBuffington Well No. 9, located 1650 feet from the South line and 1980 feet from the West line of Section 13, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Fusselman formation adjacent to the Justis-Fusselman Pool and oil from an undesignated Montoya pool through parallel strings of tubing.

CASE 1506:

Application of Gulf Oil Corporation for the creation of two non-standard gas proration units in the Tubb Gas Pool and two non-standard gas proration units in the Blinebry Gas Pool. Applicant, in the above-styled cause, seeks an order authorizing the creation of a 160-acre non-standard gas proration unit in both the Blinebry Gas Pool and in the Tubb Gas Pool, each to comprise the NE/4 SW/4, and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, and to be dedicated to applicant's J. N. Carson "A" Well No. 4, located 554 feet from the South line and 2086 feet from the East line of said Section 28 and J. N. Carson "A" Well No. 6, located 2086 feet from the South and East lines of said Section 28 respectively. Applicant further seeks an order authorizing the creation of a 120-acre non-standard gas proration unit in both the Blinebry Gas Pool and in the Tubb Gas Pool, each to comprise the E/2 SE/4 of Section 28 and the NE/4 NE/4 of Section 33, and to be dedicated to applicant's J. N. Carson "C" Well No. 6, located 330 feet from the South line and 965 feet from the East line of said Section 28 and J. N. Carson "C" Well No. 3, located 640 feet from the South line and 660 feet from the East line of said Section 28 respectively, all of the above being in Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 1507:

Application of Lea County Drip Company, Inc., for authority to construct and operate two waste oil treating plants. Applicant, in the above-styled cause, seeks an order authorizing it to construct and operate two treating plants in Lea County, New Mexico, to treat waste oil and tank bottoms collected from leases in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, said plants to be located at the following points:

- (1) Adjacent to the Shell Pipeline Company's Pipeline approximately three miles South of Hobbs, New Mexico.
- (2) Adjacent to the Shell Pipeline Company's Eunice Station approximately five miles West of Eunice, New Mexico.

August 25, 1958
ga

Case 1507

Lea County Drip Co., Inc.

2 treating plants to be located in Lea Co. To treat waste oil and tank bottoms.

1. Adjacent to the Shell Pipeline Company's Pipeline approximately 3 miles South of Hobbs, N.M.
2. Adjacent to the Shell Pipeline Company's Eunice Station approximately 5 miles West of Eunice, New Mex.

Plant #1:

Plant #2: SE/4 27 T 21S RB6E

steel sty tanks
heating & treating equip
will treat by blending in good cond,
& heat & cool pumps.
2,500 bbls tanks @ ea. plant.

MAIN OFFICE CCC
AUG 27 AM 11:47

THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF LEA COUNTY DRIP)
COMPANY, INC. (NO STOCKHOLDERS')
LIABILITY), A NEW MEXICO CORPORA-)
TION, FOR PERMIT TO OPERATE TWO)
TREATING PLANTS IN LEA COUNTY,)
NEW MEXICO.)

No. 1507

COMES NOW Lea County Drip Company, Inc. (No Stockholders' Liability), a New Mexico Corporation, pursuant to Rule 312 of the Statewide Rules and Regulations of the Commission, and respectfully petitions the Oil Conservation Commission to issue to said petitioner a permit to operate two treating plants in Lea County, New Mexico for the purpose of treating and reclaiming merchantable oil from waste oil and tank bottoms in the Counties of Lea, Eddy, Chaves and Roosevelt.

Said treating plants to be located as follows:

1. No. 1 plant to be located adjacent to the Shell Pipe Line Company's Hobbs station approximately three miles South of Hobbs, New Mexico.

2. No. 2 treating plant to be located adjacent to Shell Pipe Line Company's Eunice station approximately five miles West of Eunice, New Mexico.

Said petitioner respectfully requests that this application in the above cause be set for an examiner type hearing at an early date, preferably September 10, 1958.

Respectfully submitted,

LEA COUNTY DRIP COMPANY, INC.
(No Stockholders' Liability)

By

[Signature]
President

*Docketed
4-28-58*



MAIN OFFICE OCC

DANIELS INSURANCE, INC.

1 11 8:10

1000 North Turner, Box 1268
HOBBS, NEW MEXICO

September 3, 1958

Mr. Pete Porter
Secretary Director Oil Conservation Commission
State of New Mexico
Box 871
Santa Fe, New Mexico

RE: Application of Lea County Drip Company, Inc.
for Trading Plan Permit

Dear Mr. Porter:

I have discussed with the principles of the above corporation, namely Dr. A. V. McBee, J. W. Montgomery, and Charles M. Reeder, the requirement of the Oil Conservation Commission wherein they will be requested by your commission to file a bond in the amount of \$25,000.00 should the above permit be granted. We have been acquainted with all three principles for some time, and this letter is to advise you that should this permit be granted, we will be in a position to provide this bond for them, everything being equal.

Very truly yours,

DANIELS INSURANCE, INC.

Jack Daniels
Jack Daniels
President

JD:bt



REPRESENTING TRINITY UNIVERSAL INSURANCE COMPANY DALLAS, TEXAS

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1507

TRANSCRIPT OF HEARING

SEPTEMBER 10, 1958

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
SEPTEMBER 10, 1958

IN THE MATTER OF:

CASE 1507 Application of Lea County Drip Company, Inc.:
for authority to construct and operate two :
waste oil treating plants. Applicant, in :
the above-styled cause, seeks an order auth- :
orizing it to construct and operate two :
treating plants in Lea County, New Mexico, :
to treat waste oil and tank bottoms collect- :
ed from leases in Lea, Eddy, Chaves and Ro- :
osevelt Counties, New Mexico, said plants to :
be located at the following points: :

(1) Adjacent to the Shell Pipeline Com- :
pany's Pipeline approximately three miles :
South of Hobbs, New Mexico. :

(2) Adjacent to the Shell Pipeline Com- :
pany's Eunice Station approximately five :
miles West of Eunice, New Mexico. :

BEFORE:

Mr. Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: We will take next Case 1507.

MR. PAYNE: Application of Lea County Drip Company, Inc.,
for authority to construct and operate two waste oil treating plants.

MR. REESE: For the record, my name is N. Randolph Reese.
I represent the applicant, and we will call Mr. Charles Rieder.

(Witness sworn)

CHARLES RIEDER,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. REESE:

Q State your name.

A Charles Rieder.

Q You are the President of Lea County Drip Company, Incorporated?

A That is correct.

Q Have you previously testified before the Oil Conservation Commission?

A I have.

Q You have made an application for authority to construct and operate two waste oil treating plants. Would you outline to the Examiner the location and type of plant that you propose?

A Yes, sir. We propose to construct two waste oil treating plants to be located in Lea County, New Mexico. In each case, both plants will be located adjacent to Shell Pipeline Corporation's Pipeline Stations; the first plant to be located approximately three miles South of Hobbs, which is known as the Shell Pipeline Corporation's Hobbs Station. The second plant will be located approximately five miles West of Eunice at the Shell Pipeline Corporation's Eunice Station. Now, we can tie that down to Section and Township. Plant No. 2 will be located in the SE/4 of Section 27, Township 21 South, Range 36 East. Plant No. 1, we still have to nego-

tiate for the exact location, and if it please the Examiner, we propose to submit to the Examiner -- to the Commissioner, the exact location and plant setup upon receipt of the permit and upon consummation of our agreement with the Shell Pipeline Corporation. These plants will consist primarily of steel stock tank storage, heating and transfer equipment. We propose to treat and reclaim these various waste oil tank bottoms either by the use of blending in which we will blend high gravity condensates, the use of heat, and the additional -- the addition of treating compounds. We feel that by a combination of these three means, we can treat almost any kind of tank bottom.

Q What will be the capacity of the two plants?

A The capacities we will measure in our -- what we would consider pipeline storage. They will be five hundred barrel tanks, two at each plant.

Q So, in conformance with Rule 312, you would propose 2,000 barrel --

A Storage.

Q -- storage?

A That is correct.

Q Are there any other tank-treating plants in Lea County that you know of?

A There is an existing permit. As to whether the plant is operating or not, I do not know.

Q Are there any plants in the other Counties listed in the

application?

A Yes, sir. There is a plant in Eddy County, I believe, listed as I & W.

Q Do you know whether that plant is operating?

A At the present time, they are operating.

Q Do you feel that it is for the convenience of the public and the owners of the various rights that these plants applied for be established?

A It is. I think the amount of tank bottoms and other waste oils in the four Counties named in our application is quite obvious.

Q Are you -- is your Company prepared to furnish the twenty-five thousand dollar bond required by the Commission prior to the commencement of operations?

A Yes, sir. I have contacted the Daniels Insurance Company of Hobbs, New Mexico, and we would like to introduce into evidence as Exhibit No. 1 this letter from them. The letter states that this Company -- well, I will just read it into the record, if I may. It is addressed to Mr. Pete Porter, Secretary-Director, Oil Conservation Commission, State of New Mexico. "Dear Mr. Porter: I have discussed with the principles of the above corporation, namely Dr. A. V. McBee, J. W. Montgomery, and Charles M. Reeder, the requirement of the Oil Conservation Commission wherein they will be requested by your commission to file a bond in the amount \$25,000 should the above permit be granted. We have been acquainted

with all three principles for some time, and this letter is to advise you that should this permit be granted, we will be in a position to provide this bond for them, everything being equal." Signed, Jack Daniels, President.

Q Is there presently a need for such plants in the County?

A Yes, sir. I am of the opinion that there is a definite need for such plants in Lea County and the other four Counties listed. At the present time I feel that there is a great deal of oil that could be reclaimed that is now being burned.

MR. REESE: That is all we have to offer.

MR. NUTTER: You want to offer this as an Exhibit?

MR. REESE: Yes, we offer this as Applicant's Exhibit 1.

MR. NUTTER: Without objection, Exhibit No. 1 will be received in Case 1507.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Reeder, do you know of instances where it has not been possible for tank bottoms or waste oil to be marketed for lack of facilities, such as you have proposed?

A I don't know of any actual case that I care to state, but I have discussed it with several of the field people in the area, and at the present time they have no means by which they can dispose of these.

Q But you feel that there is a need for such --

A Yes, sir, very definitely.

Q -- a system in the area?

A The bottoms and waste oil, in general, in their present condition are unmarketable. It is impossible for the operator in any case to recover any economic benefit to himself. The oil is contained therein. Therefore, he finds it necessary to remove it from his tanks into pits and various other places. He has the option of putting it on his roads, right-of-ways, grades, fire walls, but in very few instances would it be possible for the operator to recover the oil contained therein, due to the fact that the bottoms don't exceed fifty, sixty barrels.

Q And it would be uneconomic for an operator to install the facility?

A I think it would be.

Q Do you think that the approval of this application is in the interest of conservation and prevention of waste?

A I certainly do, sir.

QUESTIONS BY MR. PAYNE:

Q This is a competitive business too, isn't it, Mr. Rieder?

A There are two existing permits, one in the name of Walter Farmaris, Jr., and one in the name of I. W. Hatton of Artesia.

Q Unlike the permits issued by the State Corporation Commission, our rules require no showing of convenience and necessity, is that correct?

A I believe that is correct, sir, to the best of my knowledge.

MR. NUTTER: Any further questions of Mr. Rieder? If not, he may be excused.

(Witness excused)

MR. NUTTER: Do you have anything further?

MR. REESE: That's all.

MR. NUTTER: Is there anything further in Case 1507? If not, we will take the case under advisement, and take next 1504.

C E R T I F I C A T E

STATE OF NEW MEXICO)
 : ss
 COUNTY OF BERNALILLO)

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings 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, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 29th day of Sept, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo
 Notary Public

My Commission Expires:

October 5, 1960.

I do hereby certify that the foregoing is a complete record of the proceedings in the Ex. Ct. hearing of Case No. 1502 heard by me on 9-10, 1958.

[Signature], Examiner
 New Mexico Oil Conservation Commission