

CASE 2253: Application of G.E. REAGIN  
for permission to operate a treating  
plant located at or near Hobbs, N.M.

105a No.

2253

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Application, Transcript,  
and Exhibits, Etc.

OPTION TO LEASE

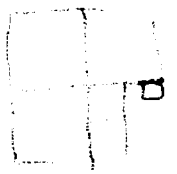
AGREEMENT MADE this 12th day of April, A. D., 1961, between TOMMIE LOU COOPER, JIMMIE T. COOPER and BETTY P. COOPER, Husband and Wife, and DELBERT DALE COOPER and BETTY R. COOPER, Husband and Wife, all of Monument, New Mexico, hereinafter called the lessors, and GEORGE E. REAGIN d/b/a REAGIN TRUCKING COMPANY, of Cushing, Oklahoma, hereinafter called the lessee.

IT IS HEREBY AGREED BETWEEN THE LESSORS AND THE LESSEE AS FOLLOWS:

I.

In consideration of \$ 10.00, now paid by the lessee to the lessors, the receipt whereof is hereby acknowledged, the lessee shall have the option to take a lease of the premises in Lea County, New Mexico, described as follows:

A tract of land commencing at the Northeast Corner of the Southeast Quarter (SE $\frac{1}{4}$ ) of SECTION 8, TOWNSHIP 20 SOUTH, RANGE 37 EAST,  
thence West 660 feet; thence South 330 feet;  
thence East 660 feet; thence North 330 feet  
to the point of beginning,



for a term of one (1) year, at the yearly rental of one thousand, two hundred dollars (\$1,200.00), payable in monthly installments of one hundred dollars (\$100.00) each in advance, which lease shall be renewable each year for an additional term of one (1) year upon the lessee's continuance of payment of rent.

II.

Such option shall be exercised by notice in writing by the lessee to the lessors at any time within sixty (60) days from date hereof, and if and when so exercised, then the lessors shall

grant and the lessee shall accept a lease of the said premises for said term, which shall commence from the date of exercise of the option at the foregoing specified rent.

III.

The lease shall be in a standard form of ground lease, but shall not include the privilege or right of drilling water wells or appropriating water from the leased lands or any lands adjacent thereto belonging to the lessors, and shall provide that the lessee, at the expiration of such lease or any renewal thereof shall be privileged to remove from the premises all equipment installed thereon and shall be required to restore the land in the same condition as at the commencement of the lease.

IV.

In the event the option is exercised the lessors shall cause the lease to be prepared and duly executed whenever required by the lessee after the date of the exercise of the option.

IN WITNESS WHEREOF, We hereunto set our hands this the day and year first above written.

Tommie Lou Cooper  
TOMMIE LOU COOPER

Jimmie T. Cooper  
JIMMIE T. COOPER

Betty P. Cooper  
BETTY P. COOPER

Delbert Dale Cooper  
DELBERT DALE COOPER

Betty R. Cooper  
BETTY R. COOPER

W. J. Reagin  
GEORGE E. REAGIN a/b/a  
REAGIN TRUCKING COMPANY  
BY W. A. REAGIN, MGR.

*Rme*  
*4/20*  
DRAFT

RSM/esr  
April 20, 1961

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 2253

Order No. R- 1951

*Ala*  
APPLICATION OF G. E. REAGIN  
FOR PERMISSION TO OPERATE A  
TREATING PLANT, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., 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 \_\_\_\_\_ day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., 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, G. E. Reagin, *dba Reagin Trucking Company,* seeks permission to operate a sediment oil treating plant to be located near the City of Hobbs, New Mexico, *to SE/4 of* in Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the operation of sediment oil treating plants such as the one proposed by the applicant is in the best interest of conservation and ~~will~~ *the* prevents waste of oil otherwise unrecoverable.

IT IS THEREFORE ORDERED:

That the applicant, G. E. Reagin <sup>*Reagin Trucking Company,*</sup> is hereby granted permission to operate a sediment oil treating plant to be located near the City of Hobbs, New Mexico, in <sup>*the SE 1/4 of*</sup> Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

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 Commission.

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

CASE 2250: Application of Texaco, Inc. for an exception to Rule 309 (a) and for an automatic custody transfer system. Applicant, in the above-styled cause seeks permission to commingle the Paduca Delaware Pool production from all wells presently completed or hereafter drilled on the Cotton Draw Unit, comprising portions of Townships 24 and 25 South, Ranges 31 and 32 East, Eddy and Lea Counties, New Mexico. Applicant further proposes to install an automatic custody transfer system to handle said commingled production.

CASE 2251: Application of Texaco, Inc. for a non-standard gas proration unit. Applicant, in the above-styled cause seeks the establishment of a 280-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the SW/4, the E/2 SE/4 and the NW/4 SE/4 of Section 31, Township 23 South, Range 37 East, Lea County, New Mexico, to be dedicated to its E. E. Blinbry Well No. 2, located 1980 feet from the South line and 660 feet from the East line of said Section 31.

CASE 2252: Application of Cities Service Petroleum Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the production from the Vacuum-Abo Pool from all wells presently completed or hereafter drilled on its State B "J" lease, S/2 of Section 35, Township 17 South, Range 35 East, Lea County, New Mexico.

CASE 2253: Application of G. E. Reagin for permission to operate a treating plant. Applicant, in the above-styled cause, seeks permission to operate a sediment oil treating plant to be located at or near the City of Hobbs, New Mexico.

CASE 2254: Application of The Ohio Oil Company for exception to Rule 309 (a) and for two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle prior to measurement, the Lea-Devonian Pool production from all wells presently completed or hereafter drilled in the Lea Unit Area, comprising portions of Township 20 South, Ranges 34 and 35 East, Lea County, New Mexico, and to commingle prior to measurement, the Lea-Bone Springs Pool production from all wells presently completed or hereafter drilled in said Lea Unit Area. Applicant further proposes to install two automatic custody transfer systems, one to handle the Devonian production, the other to handle the Bone Springs production.

*Ex 100-3*  
KELLAHIN AND FOX

ATTORNEYS AT LAW

542 EAST SAN FRANCISCO STREET  
POST OFFICE BOX 1713  
SANTA FE, NEW MEXICO

JASON W. KELLAHIN  
ROBERT E. FOX

YUCCA 3-9396  
YUCCA 2-2991

March 20, 1961

Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: G. E. Reagin - Application for permit for  
construction of a treating plant.

Gentlemen:

Enclosed find application of G. E. Reagin, in triplicate,  
for filing with the commission. It would be appreciated  
if this case could be set for hearing on April 19, 1961.

Very truly yours,

*Jason W. Kellahin*  
JASON W. KELLAHIN

jwk:mas  
enclosures 3

*Reagin  
4-5-61  
JL*



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF G. E. REAGIN FOR PERMIT FOR  
THE CONSTRUCTION OF A TREATING  
PLANT.

Case No. 2253

A P P L I C A T I O N

Comes now G. E. Reagin and applies to the Oil Conservation Commission of New Mexico for a permit for the construction of a treating plant, pursuant to the provisions of Rule 312, New Mexico Oil Conservation Commission Rules and Regulations, and in support thereof would show:

1. That said treating plant will be located at or near the city of Hobbs, Lea County, New Mexico.
2. That said plant will be a B.S. & W. plant for the treatment and reclamation of tank bottoms from tax-paid tanks, scrubber oil, drip oil, natural gasoline, and other liquid hydrocarbons.
3. That the capacity of the proposed plant will be approximately 1,000 barrels per day.
4. That said plant will afford an economical and efficient means for the processing, treatment and reclamation of sediment oil, scrubber oil, drip oil, natural gasoline and other liquid hydrocarbons.
5. Applicant will, before commencing operations, post such bonds as may be required by the rules and regulations of the commission, and comply with all applicable rules, regulations and directives of the commission relating to his operations.

WHEREFORE applicant requests that this application be set for hearing before the commission's duly appointed examiner at as early a date as possible, and that after notice and hearing he be granted a permit as provided by Rule 312 of the commission's rules and regulations.

Respectfully submitted,

G. E. REAGIN

By Jason W. Kellahin  
Kellahin & Fox  
P. O. Box 1713  
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

P. O. BOX 671  
SANTA FE

April 28, 1961

Mr. Jason Kellahin  
Kellahin & Fox  
Box 1713  
Santa Fe, New Mexico

Re: Case No. 2253  
Order No. R-1951  
Applicant:  
G. A. Reagin

Dear Sir:

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

Very truly yours,

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

ir/

Carbon copy of order also sent to:

Hobbs OCC        x  
Artesia OCC         
Aztec OCC       

OTHER

CLASS OF SERVICE  
This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-60)

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=International Letter Telegram

The time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

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A L PORTER JR=

SECRETARY DIRECTOR NEW MEXICO OIL CONSERVATION COM

STATE LAND OFFICE BLDG SANTA FE NMEX=

REFERENCE CASE 2253, REAGAN TREATING PLANT APPLICATION.  
PROTEST ISSURANCE OF PERMIT. PRESENT ECONOMICS OF  
SEDIMENT OIL RECOVERY DO NOT WARRANT ANOTHER PERMIT.  
THREE PERMITTEES IN AREA HAVE RECOVERED A TOTAL OF 758  
BARRELS OF SEDIMENT OIL IN TWO YEARS. AUTHORIZING NEW  
PLANT UNDER PRESENT ECONOMIC CONDITIONS WOULD NOT

CASE  
2253

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE  
This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-60)

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=International Letter Telegram

The time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

PROMOTE EFFICIENT PROCESSING, TREATING AND RECLAIMING  
OF OIL. AND WOULD TEND TO ENCOURAGE WASTE AND  
IRREGULAR PRACTICES. APPLICANT DOES NOT REQUIRE THIS  
PERMIT TO HANDLE DRIP=

GENERAL PETROLEUM INC BY C M RIEDER PRESIDENT=

=2253 758=

THE COMPANY WILL AT

FROM ITS PATRONS CONCERNING ITS SERVICE

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. 2253  
Order No. R-1951

APPLICATION OF G. E. REAGIN  
FOR PERMISSION TO OPERATE A  
TREATING PLANT, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., 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 28th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., 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, G. E. Reagin, d/b/a Reagin Trucking Company, seeks permission to operate a sediment oil treating plant to be located near the City of Hobbs, New Mexico, in the SE/4 of Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the operation of sediment oil treating plants such as the one proposed by the applicant is in the best interest of conservation and prevents the waste of oil otherwise unrecoverable.

IT IS THEREFORE ORDERED:

That the applicant, G. E. Reagin, d/b/a Reagin Trucking Company, is hereby granted permission to operate a sediment oil treating plant to be located near the City of Hobbs, New Mexico, in the SE/4 of Section 8, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

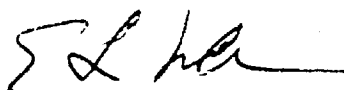
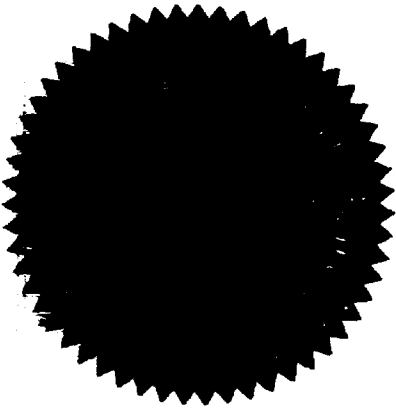
-2-

CASE No. 2253  
Order No. R-1951

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 Commission.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

esr/

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 19, 1961

## EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of G. E. Reagin for )  
permission to operate a treating )  
plant. Applicant, in the above- )  
styled cause, seeks permission )  
to operate a sediment oil treating )  
plant to be located at or near the )  
City of Hobbs, New Mexico. )  
-----

Case 2253

BEFORE: Mr. A. L. "Pete" Porter,  
Secretary-Director, Alternate Examiner.

TRANSCRIPT OF HEARING

MR. PORTER: The hearing will come to order, please.  
We'll take up Case 2253.

MR. MORRIS: "Application of G. E. Reagin for per-  
mission to operate a treating plant."

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox,  
Santa Fe, representing the applicant. I will have one witness I  
would like to have sworn.

(Witness sworn.)

(Applicant's Exhibit No. 1  
marked for identification.)

W. A. REAGIN

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

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A W. A. Reagin, General Superintendent of the Reagin Trucking Company.

Q Are you associated with G. E. Reagin, the applicant in this case?

A Yes, sir.

Q What is that association?

A I am General Superintendent of his company, also his son.

Q Does Mr. Reagin operate as an individual in the business?

A Yes, solely-owned company.

Q You are the General Superintendent for him, is that correct?

A Yes, sir.

Q Are you familiar with the application of G. E. Reagin in the case before the Commission, 2253?

A I am.

Q Would you state briefly what you are proposing in this application?

A We have asked for the permission to build and operate an oil reclaiming plant in Southeast New Mexico for the purpose of reclaiming distressed crude, distressed due to contamination

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO





and other hydrocarbons.

Q Who will operate this business in New Mexico, G. E. Reagin or yourself?

A My father is sole owner and is directing manager of it. However, at times both of us will be here.

Q Have you had any experience in the business of reclaiming oil?

A Yes, sir.

Q Would you outline for the benefit of the Examiner your experience in this type of operation?

A I went to work for my father when I was nineteen. It's been twenty-two years ago, except for service in the Navy that's all I have ever done. I have built plants, operated plants, both for him and under contract for major oil companies.

Q Where were these plants located?

A We have two permanent plants of our own, one at Waco, Texas and one at Cushing, Oklahoma. We have a joint enterprise plant at Wichita, Kansas and we have helped design plants for the Great Northern Refining Company at Minneapolis, for Standard Oil Refining at Ilneodesha, Kansas. We do a considerable, what's known as sludge, refinery sludge work for Kerr-McGee Oil Industries at this time in Oklahoma.

Q Have you personally managed any of these operations?

A Yes.

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ALBUQUERQUE, NEW MEXICO



Q Mr. Reagin, where will this proposed plant be located?

A It's on a tract of land commencing at the Northeast corner of the Southeast Quarter of Section 8, Township 20 South, Range 37 East, hence West 660 feet, South 330 feet, East 660 feet, hence North 330 feet to a point of beginning or approximately five acres' tract.

Q Is that land owned by G. E. Reagin?

A No, we're leasing it from the Cooper Ranch, which is apparently an estate since there is five of them on it.

Q Do you have the lease at the present time?

A No, I have an option.

Q You have an option to take a lease?

A Yes.

Q That is contingent then upon the approval of this application, I take it?

A Yes, sir.

Q Mr. Reagin, what type of plant do you propose to install?

A It's what we call a batch plant. It has a mean capacity of approximately a thousand barrels a day of raw material. It's not finished product. It's called a batch plant inasmuch as it's not a continual treater. Therefore, it can be operated at less than maximum capacity efficiently.

Q What would be your source of fluids for treating at

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ALBUQUERQUE, NEW MEXICO

PHONE CM 3-6691



this plant?

A Our present source that's got us coming to New Mexico is the promise of a contract from the Phillips Gas Department for their scrubber and drip oil in the Hobbs area.

Q Do you know what volumes of fluids will be available to you for that purpose?

A At the present time, from records of Phillips' sales that they've had over the last sixty days, it has averaged a hundred barrels a day. However, over a period of time they are quite fluctuating, but for the last sixty days they have averaged one hundred barrels a day.

Q Would you seek other sources of oil?

A Yes.

Q What would they be, what type of oil?

A Well, primarily our main business is the cleaning of heavy steel storage tanks, pipe line tanks. We will derive a certain amount of oil from them, also we hope to acquire other scrubber oil from other companies in this area. Since I have been down here I find these salt water gathering systems require tank bottoms. Of course, we'll try to buy oil from anybody that will sell to us.

Q Referring to what has been marked as Exhibit No. 1, would you discuss the installation you propose to make and its operation?

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A Well --

MR. PORTER: Could we have some copies?

A Yes, sir. You can have all of them, I have it memorized.

As I said a while ago, this is called a batch treating unit. It consists of two treating tanks, they show on this drawing to be 500-barrel tanks. The tank on the right is the selling tank. The oil is hauled in, as we receive all our oil in the plants, with truck unloaded into one or two of the unloading tanks or treating tanks where temperature is raised on it by the use of steam. Proper chemicals are added to break or nullify the emulsifying agent, and it's allowed to settle. It's skimmed from there over into the selling tank and delivered to the pipe line. It's simple if you say it quick enough. That's theoretically all there is to it. Actual practice, you run into considerable trouble in meeting your right treatments, right heats, but basically that's all there is to operating a treating plant.

Q Is this type of installation an efficient operation insofar as recovery of oil is concerned?

A We feel it to be efficient. Over a period of years, by buying and selling, we generally during the summer will average around a three percent loss, during the winter around five percent loss, which is primarily in the form of heat vapor loss.

Q Did you state what the capacity of the plant was?

A Well, the ~~through~~ capacity is approximately a thousand

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barrels a day. The selling capacity will entirely depend on the amount of recovery and the oil we happen to be running on.

Q You understand, Mr. Reagin, that the rules of this Commission require the posting of a ten thousand dollar bond, do you not?

A Yes, sir.

Q Are you prepared to make that bond?

A We are.

Q Will you comply with the provisions of the rules and regulations of the Commission in regard to reports and all matters pertaining to the operation of this plant?

A Yes, sir, I have a copy of your rules and have studied them. They are very applicable.

Q Was Exhibit 1 prepared by you or under your supervision?

A It was prepared under my supervision. It was drawn by a draftsman.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibit No. 1.

MR. PORTER: Without objection the Applicant's Exhibit will be admitted to the record.

MR. KELLAHIN: That's all the questions I have.

MR. PORTER: Does anyone have any questions?

MR. NUTTER: I do.

MR. PORTER: Mr. Nutter.

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PHONE CH 3-6691

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CROSS EXAMINATION

BY MR. NUTTER:

Q First, I would like to get your initials.

A W. A.

Q Will this treating plant be operated under the name of G. E. Reagin or Reagin Trucking Company, as on the exhibit?

A I'm afraid we have a confusing issue started there. All our contracts are written to G. E. Reagin, doing business as Reagin Trucking Company.

Q Is that the way the bond will be entered?

A Yes.

Q Now, you stated that you are presently, or have operated plants in Kansas, Oklahoma?

A We are at this time.

Q What states are those, Kansas, Oklahoma and Texas?

A Texas.

Q Texas?

A Yes.

Q Now, I notice on your exhibit here you don't have any tanks to unload the trucks into except the treating tanks.

A That's right.

Q So you won't have any available storage space unless you are not treating one of these tanks at the time it's unloaded?

A That's right.

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ALBUQUERQUE, NEW MEXICO



## DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q You also mentioned that you have already made arrangements to handle the scrubber and drip oil from Phillips Petroleum Company Gasoline Department, that you were seeking other sources, pipe line storage tanks, other scrubbers, salt water gathering systems, and also you mentioned other sources. What would be included in other sources?

A Well, I said that because I didn't know, but if something come up, why, now there's only one source that we don't fool with, we do not clean production tanks.

Q That is what I was --

A Nowhere in the United States.

Q That's what I was going to ask you, Mr. Reagin. You will not be involved in treating tanks or tank bottoms or pit oil on leases, is this correct?

A That's right.

Q This will all be pipe lines or --

A Scrubbers or --

Q -- or gasoline plants, industrial facilities rather than lease facilities?

A Yes. The only place I see the lease oil business is the oil that come into the salt water disposal system originally started on the lease.

Q But it has been severed from the lease at the time you get involved in it?



A Yes, but we do not do any work for the Production Department.

Q I wanted to make that point clear. Your father had indicated that to me when I was talking to him some time ago.

A We don't do it in Texas, Oklahoma or Kansas. We find it unprofitable.

MR. NUTTER: Thank you.

MR. PORTER: Mr. Morris.

BY MR. MORRIS:

Q Then I take it that all the oil that you will be dealing with is already charged against the allowable somewhere, you won't be dealing with any oil that has to be charged against someone's allowable?

A The only way I would hesitate to say about that is the oil of the salt water disposal system. I don't know how that is handled.

Q If you do handle oil that has not been charged against the allowable, you are aware of our rule that requires it to be charged back against the allowable, are you not?

A Well, I have a list of your rules here.

Q Yes, Rule 311, Paragraph C I believe states that you must furnish the Commission with a report of the oil that is charged back to various leases and what leases those are and you'd be willing to comply with that in the event you handled any oil

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ALBUQUERQUE, NEW MEXICO





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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

of that sort?

A Yes. That's quite similar to the tenders we run into in Texas.

Q Right. Mr. Reagin, you mentioned that you had a lease option. When does that expire?

A Sixty days.

Q From when?

A 12th day of April.

MR. MORRIS: Thank you, I believe that's all I have.

MR. PORTER: For the record, I'll mention that the oil that has been recovered thus far as a result of salt water disposal operation has not been charged back against the allowable. In fact, it would be impossible to do so.

Does anyone else have a question of the witness? The witness may be excused.

(Witness excused.)

MR. KELLAHIN: That's all I have, Mr. Porter.

MR. PORTER: Does anyone else have anything to offer in Case 2253?

MR. MORRIS: Yes, sir. Mr. Examiner, I have a telegram from General Petroleum, Inc. signed by C. M. Rieder, President, which reads as follows: "Reference Case 2253, Reagin treating plant application. Protest issuance of permit. Present economics of sediment oil recovery do not warrant another permit. Three permittees in area have recovered a total of 758 barrels of



sediment oil in two years. Authorizing new plant under present economic conditions would not promote efficient processing, treating and reclaiming of oil and would tend to encourage waste and irregular practices. Applicant does not require this permit to handle drip."

MR. KELLAHIN: If the Commission please, I would like to make a comment in connection with the telegram. We are not dealing here with a matter of public convenience and necessity as to whether the economics justifies the installation of the plant or not. The only questions as I see it, under the rules of the Commission and the statute, is whether it is an efficient process or not. Certainly if an individual cares to gamble his money as to whether he can make money out of it is beside the point as far as this hearing is concerned.

MR. PORTER: Does anyone else have anything to offer in Case 2253? We'll take the case under advisement and take up Case 2254.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO )  
 : SS  
 COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 24th day of April, 1961.

*Ada Dearnley*  
 Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing  
 a complete record of the proceedings in  
 the Examined Hearing of Case No. 2-53  
 heard by me on May 17, 1961.  
*A. K. Patten*, Examiner  
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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ALBUQUERQUE, NEW MEXICO

