

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. 104

ORDER NO. 726

THE APPLICATION OF WALTER FAYARISS, JR.,  
FOR PERMISSION TO PURCHASE AND PROCESS  
TANK BOTTOMS, PIT OIL, GASOLINE PLANT  
CATCHINGS, AND OTHER PETROLEUM PRODUCTS  
NOW CLASSIFIED AS WASTE AND TO SELL THE  
MERCHANTABLE CRUDE OIL DERIVED THEREFROM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 A.M., July 15, 1947, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 9th day of September 1947, the Commission having before it for consideration the testimony adduced at the hearing aforesaid:

FINDS:

1. That due public notice having been given, the Commission has jurisdiction of the subject matter hereof.
2. That substantial quantities of tank bottoms, waste oil, pit oil, gasoline plant catchings and otherwise unmerchantable waste petroleum products can be processed, and pipeline oil and other valuable derivatives salvaged therefrom.
3. That continued destruction of great quantities of such substances containing salvageable oil would constitute "surface waste" within the meaning of the conservation laws of New Mexico and the rules and regulations of the Commission.
4. That the processing, saving and marketing, of the valuable components of tank bottoms, waste oil, pit oil, gasoline tank catchings, and the valuable derivatives therefrom, having possible economic use of value, should be encouraged; that any merchantable or pipeline oil and other derivatives so reclaimed and saved, should not be charged against allowable production of any well.
5. That the applicant herein should be allowed to proceed with the installation of his salvage or reclaiming plant or plants in the State of New Mexico, but pending such installation and operation, no tank bottoms, waste oil, pit oil, gasoline plant catchings should be removed from the State of New Mexico until the same shall have been processed, and the merchantable oil and other valuable derivatives of the same shall have been salvaged and saved.
6. That the applicant should file with the Commission complete data with reference to the location of any processing plant or plants installed and operated by him within the State of New Mexico, giving details, specifications, and information as to the capacity thereof.
7. That a surety company bond in an amount sufficient to insure compliance with the requirements of the Commission is a reasonable precaution;

IT IS THEREFORE ORDERED:

1. That the applicant, Walter Famariss, Jr., be and he is hereby permitted and authorized to acquire tank bottoms, waste oil, pit oil, gasoline plant catchings, and other waste petroleum products by purchasing or acquiring the same by other bona fide means or methods and to reclaim and salvage the merchantable oil or other valuable derivatives therefrom.

2. That he shall file with the Commission, at its request, complete data regarding process, capacity and the location of any processing plant or plants operated or to be operated by him within the state of New Mexico.

3. That before actual operations are begun, the permittee shall file with the Commission a surety company bond to the Oil Conservation Commission and/or State of New Mexico in the amount of \$25,000 conditioned upon faithful performance by the permittee of the provisions of this order or of any further order in this cause, observance of the applicable laws of the State of New Mexico and the rules and regulations heretofore or hereafter promulgated by the Commission and anyway applicable.

4. That the permittee shall file with the Commission such reports as may be required by the Oil Conservation Commission; such reports to show in detail the date of acquisition and from whom, the origin, quantity, and test percentages of such tank bottoms, waste oil, pit oil, gasoline plant catchings, acquired by this permittee; such reports to be executed both by this permittee and by the respective sellers thereof; and provided further that this permittee shall file monthly reports with the Commission showing the day by day recovery of marketable oil and other valuable derivatives reclaimed and saved.

5. That the permittee herein shall, before beginning operations file with the Commission a statement under oath that in event he fails or refuses to furnish the Commission with any information required by this order or any further order of the Commission, or violates the laws of New Mexico or the rules and regulations of this office with respect to acquisition, processing or disposition of tank bottoms, waste oil, pit oil, gasoline plant catchings, will upon written notice to him by the Commission, pointing out such violation or infraction, to immediately cease all operations until further authorization to resume operations is granted by the Commission.

6. That this permittee shall not transport or attempt to transport by any method, any merchantable oil or any valuable waste petroleum products from his plant or plants, without authority in the nature of a C-110 duly approved by the Commission.

7. That any merchantable or pipeline oil or valuable derivatives of waste petroleum products so salvaged, reclaimed and brought into the market shall not be charged against the allowable of any well producing into tanks from which any tank bottoms, waste oil, pit oil, gasoline plant catchings may have been acquired and received by this permittee.

8. That jurisdiction in this case is hereby retained by the Commission for the purpose of issuing any further order or orders deemed necessary by the Commission.

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

OIL CONSERVATION COMMISSION

*Anna Mabry*  
CHAIRMAN

*John E. Miller*  
MEMBER

*X. L. Spurrier*  
SECRETARY

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF A GENERAL ORDER  
REGULATING TANK CLEANING, PLANTS  
PROCESSING TANK BOTTOMS, AND RE-  
CLAIMING OF WASTE OIL.

CASES NO. 104, 110 & 138  
ORDER NO. 787

ORDER OF THE COMMISSION

WHEREAS, after publishing of notice for the time and in the manner required by law, the Oil Conservation Commission of the State of New Mexico held a hearing at Santa Fe, New Mexico, on July 15, 1947, and subsequently, for the purpose of receiving testimony and evidence concerning the necessity for promulgating rules and regulations for the cleaning of tanks used in connection with the production and storage of crude oil in the State of New Mexico, and the processing and reclaiming of tank bottoms, gasoline plant scrubber oil, wash-in oil, creek oil, pit oil, pipe line break oil, and similar types and kinds of oil; and

WHEREAS, pursuant to the evidence presented at said hearing and independent investigations of the Commission, the Commission is of the opinion and finds that rules and regulations should be adopted.

THEREFORE, IT IS ORDERED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO, effective October 15, 1948, the following rules and regulations are hereby adopted to govern, regulate and control the cleaning of all tanks used in the handling, production, and/or measuring, and storing of crude oil in the State of New Mexico, the processing of tank bottoms, the construction and operation of treating plants, and the picking up, reclaiming, and/or salvaging of tank bottoms, waste oil, wash-in oil, creek oil, pit oil; to-wit:

RULE 1. No "tank bottoms," as hereinafter defined, shall be removed from any tank used for the storage of crude petroleum oil, except as hereinafter provided, unless and until application for tank cleaning permit shall have been made on the Commission's Form C-117, and approved by agent of the Commission. Provided further that approval shall not be given until tank for which permit is requested shall be tested as follows:

(a) An accurate gauge shall be taken on each tank for which tank cleaning permit is applied, and the result entered on Form C-117.

(b) A representative sample of the tank bottoms of each tank shall be taken, and the amount of merchantable oil determined according to the standard centrifugal test as prescribed by the American Petroleum Institute's code for measuring, sampling, and testing crude oil, Number 25, Section 5, and such amount of oil shall be entered on Form C-117 by the owner or operator of the tank to be cleaned.

(c) The merchantable oil contained in any tank bottom or pit shall be measured and charged against the allowable of the unit or units producing into any tank or pit where such merchantable oil accumulates. This amount shall be shown as a separate item on Form C-115.

(d) Nothing contained in this Order shall apply to tank bottoms used on the lease from which the tank bottoms accumulated or to the treating of tank bottoms on the lease by the producer or operator where the merchantable oil recovered therefrom is disposed of through a duly authorized transporter as shown on form C-110 filed with the Commission.

(e) Nothing contained in this Order shall apply to the transfer of tank bottoms from one tank to another tank located in the same tank battery provided there is no change in the custody or control of the tank bottom.

(f) Nothing contained in this Order shall apply to reclaiming of pipe line break oil or the treating of tank bottoms at a pipe line station, crude oil storage terminal or refinery or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas gathering lines connected to gasoline plants and in scrubbers at such plants.

RULE 2 No treating plant, as defined in this Order, shall operate except in conformity with the following provisions.

(a) Every person desiring to operate, or cause to be operated, a treating plant within the State of New Mexico under the terms of this Order, shall, before he begins the construction thereof, apply to the Commission in writing for a permit. Such application shall state in detail the location, type, and capacity of the plant contemplated and method of processing proposed. The Commission shall set such application for a hearing in not less than twenty (20) days, and if satisfied that the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and other waste oils, and there is a need for such a plant at the proposed location thereof, a permit shall be granted authorizing the construction of such plant under the Commission's supervision.

No person shall operate, or cause to be operated, a treating plant without first having applied for and obtained an operating permit from the Commission, and such permit will be granted only after the plans of the plant have been approved and applicant has filed and received approval of bond as hereinafter provided and upon a showing satisfactory to the Commission after hearing and investigation.

The foregoing requirements shall have no application as to treating plants constructed and operating at the date of this Order under previous Order of the Commission provided that the future operations of such plants shall be in accordance of all other provisions of this Order.

Such permit, if granted, shall be valid for one (1) year, and shall be revocable at any time after hearing is had on 10 days' notice, if, in the judgement of the Commission, the treating plant to which such permit is related is so constructed, equipped, or operated as not to reclaim and conserve tank bottoms and/or other waste oils; or if, in the judgment of the Commission, the owner or operator of such treating plant, in the construction or operation thereof, is violating any law of the State of New Mexico relating to the production, transportation, processing, refining, treating and marketing of crude oil, or its products, or any law of said state adopted to conserve the oil and gas resources of the State of New Mexico, or any rules or regulation of the Commission enacted under and in pursuance of said laws.

(b) The treating plant operator shall be entitled to an approved Certificate of Compliance and Authorization to Transport Oil (Form C-110) for the total amount of products secured from tank bottoms and other waste oils processed in conformity with the provisions of this Order.

(c) Before actual operations are begun, the permittee shall file with the Commission a surety bond satisfactory to the Commission and payable to the Oil Conservation Commission and/or the State of New Mexico in the amount of \$25,000.00, conditioned upon faithful performance by the permittee of the provisions of this Order or of any further Order in this cause, observance of the applicable laws of the State of New Mexico and the rules and regulations heretofore or hereafter promulgated by the Commission in any wise applicable.

(d) Any treating plant operating under these rules and regulations shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission a monthly report on Form C-118, which report when fully completed and approved by an authorized agent of the Commission, may be used to support a C-110 for the net oil on hand at the end of the reported period.

(e) Report Forms C-118 may be filed and C-110's issued at intervals more frequent than once monthly, but in no event may C-110's be issued for moving the products of a treating plant without a Form C-118 fully completed and approved.

RULE 3

(a) The provisions of this order shall not apply in connection with the recovery of wash-in oil, creek oil, or pit oil where such oil is picked up and returned to the lease on which produced or where such oil is disposed of to the transporter authorized by C-110's.

(b) Except as provided in paragraph (a) above any person desiring to pick up, reclaim, or salvage any wash-in oil, creek oil, or pit oil shall obtain in writing, a permit from the owner or operator of the lease, and a permit from a duly authorized agent of the Commission before picking up, reclaiming, or salvaging the same.

(c) All applications for permits to pick up, reclaim, or salvage wash-in oil, creek oil, or pit oil shall state the name and location of the lease, the number of the well or wells from which the oil was produced, or the source of such oil and the name of the owner, operator or manager.

RULE 4. The following definitions shall be applicable to the terms used in this Order.

(a) "Person" shall mean any natural persons, corporations, associations, partnerships, receivers, trustees, guardians, executors, administrators or a fiduciary, or representative of any kind.

(b) "Treating plant" shall mean any plant constructed for the purpose of wholly or partially or being used wholly or partially for reclaiming, treating, processing, or in any manner making tank bottoms or any other waste oils marketable.

(c) "Tank bottoms" shall mean that accumulation of hydrocarbon material and other substances which settle naturally below crude oil in tanks and receptacles that are used in the handling and storing of crude oil, and which accumulation contains in excess of two (2%) percent of basic sediment and water; provided, however, that with respect to lease production and for lease storage tanks, a tank bottom shall be limited to that volume of the tank in which it is contained that lies below the bottom of the pipe line outlet thereto.

(d) "Wash-in oil" shall mean oil used in the drilling of, or reworking of, a well, which has been run from another tank or tanks and recaptured by the operator.

(e) "Creek oil" shall mean oil accumulating in creeks due to lease line break, lease tank overflow, or any other cause.

(f) "Pit oil" shall mean the oil or emulsion accumulating in the pits where tank bottoms and escape oil from wells are accumulated.

IT IS FURTHER ORDERED BY THE COMMISSION that this Order shall control all rules and regulations with reference to the same subject matter and in conflict herewith, if any.

IT IS FURTHER ORDERED BY THE COMMISSION that this docket be kept open for such other and further Orders as may be necessary and appropriate in the premises.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

CHAIRMAN

*John E. Miller*

MEMBER

*R. L. J. J. J.*  
SECRETARY

Date

29 Sept. 1948