

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
Hobbs, New Mexico
October 20, 1954

IN THE MATTER OF:

CASE NO. 779 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
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ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
October 20, 1954

IN THE MATTER OF:

The application of the Oil Conservation Commission for regulation relating to drip gasoline.

Applicant, in the above-styled cause, seeks revision of Rule 312 of its Rules and Regulations to promulgate supplementary and additional rules governing the acquisition, transportation and sale of drip gasoline and trap oil.

Case No. 779

BEFORE:

Honorable Edwin L. Mechem
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 779. In Case 779 the Commission called the case upon its own motion, because of a number of problems which have arisen with reference to the handling of so-called drip gasoline. I might point out we don't even have a definition of drip gasoline, but I think you all know what I am talking about. We have, under the existing Rule 312, some provisions for the handling of pit oil and scrubber oil and creek oil and so forth, but no where in our rules do we have any provision whatsoever on the handling of drip gasoline. I think Mr. Porter, if he is still here, can probably outline the problems that we have run up against, and what we have done so far in the absence of rules. Pete, I would appreciate it if you would come up here and tell them all about it.

MR. PORTER: As Mr. Macey has said, this is a fairly recent problem. We were first confronted with it in the early part of the summer. That is when we were approached by a prospective transporter of drip gasoline as to the procedure that we would use in handling this transportation. In the absence of rules, specifically covering this, I discussed the matter with Mr. Macey and Mr. Spurrier, at that time, and it was agreed that in order to get this thing kicked off to making some usable disposition of the drip gasoline, that we would authorize the transportation by the use of Commission Form C-110. That plan we have followed. Thus far we have had only one transporter, that being the Newman Gas Company, and he is, at the present, transporting the drip to two different destinations, one being the Famariss Refinery at Monument, and the other to central storage in the south end of the county where it is being picked up by Wiekert Refinery of Wiekert, Texas, at the beginning of each month, and as of the tenth thereafter, as needed, the applicant files a C-110 requesting authority to transport so many barrels of drip gasoline. That we approve, and at the end of the month, or by the 15th of the following month, he files Form C-112, which is the Commission's Transporters and Storer's report form, showing the origin of the drip, and also its disposition.

From the last part of June through the month of September we had authorized a movement of, I believe, 3,200 barrels of drip gasoline in such a manner as we have described, and up through the last of September they had transported 2,211 barrels. Of course, we expect quite an increase in the movement of drip gasoline during the winter months and we are in this hearing inviting any

who may to come before the Commission and propose such rules as they think will adequately handle this situation. At the present time I have no recommendations.

MR. MACEY: I might make the comment that I have been confronted with El Paso Natural Gas Company and also Permian Basin Pipeline Company, and I have informed both of them that in my opinion the only equitable way to handle the case would be to continue it until next month, to give everyone a chance to think the thing over. We have to get the thing rolling because there is a very serious question in my mind as to whether or not we have not already authorized a movement of the drip gasoline when we authorized the movement of natural gas, because the natural gas includes the liquids when we authorize it to be moved. I am strictly throwing that in the hopper for your consideration. I don't know whether Mr. Yost agrees with me or not on that. Anyway, Mr. Girand representing Famariss Oil and Refining Company who are one of the proponents of the original rule that we came up with, Rule 312, they are slightly interested in the case and he has submitted to us some proposed forms and rules to be used in connection with this particular rule. We can produce the suggested forms and the suggested rules and mail them to you with the docket for next month if you so desire. I have not had an opportunity to examine it and I know Mr. Porter has seen the forms. I don't know what you think about them, whether they are adequate or whether they are too much, but in any event, if we feel that it is feasible we will distribute this form prior to the hearing next month. Mr. Girand, do you have any comment that you might want to make in the case?

MR. GIRAND: In line with the decision of the Commission

