

THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
LEA COUNTY DRIP COMPANY, INC. (NO)
STOCKHOLDERS" LIABILITY), A NEW MEXICO)
CORPORATION, FOR REVISION OF RULES 311,)
312, 1116, AND 1117 OF THE STATEWIDE)
RULES AND REGULATIONS OF THE NEW MEXICO)
OIL CONSERVATION COMMISSION.)

Case No. 1522

COMES NOW Lea County Drip Company, Inc. (No Stockholders' Liability), a New Mexico corporation, and respectfully petitions the New Mexico Oil Conservation Commission to amend the following Statewide Rules and Regulations to read as follows:

1.

"RULE 311. WASTE OIL

(a) DEFINITION

"Waste oil" is defined as any unmerchantable liquid hydrocarbon accumulating on an oil and gas lease incidental to normal oil field operations, such as tank bottoms and accumulations in pits, cellars, and sumps.

(b) DESTRUCTION PROHIBITED

The destruction of waste oil is prohibited when it is economically feasible to reclaim the same.

No waste oil shall be destroyed, by burning or otherwise, unless and until the Commission has approved an application to destroy the same on Form C-117-A.

(c) RECLAMATION

When waste oil is to be removed from lease for reclamation, the person removing such oil shall obtain a permit (Form C-117-B) from the appropriate District Office prior to removal from the lease. Any merchantable oil recovered from such waste oil shall not be chargeable against the allowable of the originating lease.

The provisions of the foregoing paragraph do not apply when waste oil is reclaimed on the lease where it originates and is disposed of through the authorized transporter for the lease as shown on Form C-110.

(d) The provisions of this rule do not apply when waste oil is put to beneficial use on the originating lease for purposes of oiling lease roads, fire walls, tank grades, or any other similar purpose."

2.

"RULE 312. TREATING PLANTS

No treating plant shall operate except in conformity with the following provisions:

(a) Prior to the construction of a treating plant, a written application shall be filed for a treating plant permit stating in detail the location, type and capacity of the plant contemplated. The Commission, in not less than 30 days, will set such application for hearing to determine whether the proposed plant and method of processing will efficiently process, treat and reclaim waste oil. Before beginning actual operations, the permittee shall file with the Commission a performance bond in the amount of \$10,000.00, conditioned upon substantial compliance with applicable statutes of the State of New Mexico

and all rules, regulations, and orders of the Oil Conservation Commission of New Mexico.

(b) Such permit shall entitle the treating plant operator to an approved Certificate of Compliance and Authorization to Transport Oil, Commission Form C-110, for the total amount of products secured from waste oils processed by the operator. All treating plant operators shall, on or before the 25th day of each calendar month, file at the appropriate District Office, a monthly report on Commission Form C-118, which report shall support the Commission Form C-110 for the net oil recovered and sold during the preceding month.

(c) All permits shall be revocable, after notice and hearing, upon showing of good cause."

3.

"RULE 1116. WASTE OIL DISPOSITION PERMITS (FORM C-117-A and C-117-B)

(a) Form C-117-A, Waste Oil Destruction Permit, shall be submitted in TRIPLICATE in accordance with Rule 311, and shall contain the following information:

- (1) Name of operator
- (2) Name and location of lease
- (3) Type of waste oil (tank bottom, emulsion, etc.)
- (4) Estimated amount (in barrels).

(b) Form C-117-B, Waste Oil Recovery Permit, shall be submitted in QUADRUPPLICATE in accordance with Rule 311, and shall contain the following information:

- (1) Name of Transporter
- (2) Name of operator
- (3) Name and location of lease
- (4) Type of waste oil (tank bottom, emulsion, etc.)
- (5) Estimated amount (in barrels)
- (6) Disposition

"RULE 1117. TREATING PLANT OPERATOR'S MONTHLY REPORT (FORM C-118)

Form C-118 shall be submitted in DUPLICATE in accordance with Rule 312, and shall contain the following information:

- (1) Name of treating plant operator.
- (2) Location of plant or plants.
- (3) Source of each individual acquisition.
- (4) Number of permit authorizing acquisition.
- (5) Gross volume of waste oil acquired from each source.
- (6) Net amount of pipeline oil recovered from each acquisition."

Petitioner further requests an early hearing before the Commission upon the above matters and any related matters which may properly come before the Commission in connection with the above styled cause, and respectfully suggests a hearing on October 15, 1958.

Respectfully submitted,

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

By _____
/S/ C. M. Rieder
President