

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 14, 1960

-----)
IN THE MATTER OF:)
)
Application of the Oil Conservation Commission on)
its own motion to consider the Revision of Rule) Case
311 to provide that a sediment oil destruction) No. 2070
permit must be utilized within ten days after)
approval thereof.)
-----)

BEFORE:

Mr. A. L. Porter
Mr. Murray Morgan

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: Take up next Case 2070.

MR. PAYNE: Application to consider the revision of Rule
311. I have one witness, Mr. Dan Nutter.

(Witness sworn.)

DANIEL S. NUTTER

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

DIRECT EXAMINATION

BY MR. PAYNE:

Q Will the witness please state his name and position?

A Daniel S. Nutter, chief engineer, Oil Conservation Com-
mission.

Q Are you familiar with the application of the Oil Conser-



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vation Commission in Case No. 2070?

A Yes, sir; I am.

Q Would you please refer to Rule 311 of the Commission Rules and Regulations and read the first sentence of Paragraph (b)?

A Rule 311 (b) reads as follows, in the first sentence:

"No sediment oil shall be burned or otherwise destroyed unless and until the Commission has approved the application to destroy the same on Form C-117a.

Q Would you please look at Form C-117a and explain to the Commission what information is contained thereon?

A It is entitled "Sediment Oil Destruction Permit." The information that is presented on the form is the name of the operator, the name of the lease, the location of the lease, the type of sediment oil, whether it is petroleum oil, tank bottoms, or so forth, the estimated gross volume in barrels, and the reason why the sediment oil cannot be salvaged.

Q Now, does this form contain a place for approval by the District Supervisor?

A Yes, sir, it does. It has a place for the approval date to be entered on the form, the person by whom it is approved, and his title.

Q Now, cross-referencing this form back to Rule 311 (b), does that rule contain any time limit within which an approved permit must be utilized?

A No, sir. It contains no limitation on the time in which



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the permit can be used.

Q Has it come to the attention of the Commission that in certain instances there has been an undue delay between approval of the Form 117a and the use thereof?

A Yes, sir. There have been instances when the form was not utilized within a reasonably short time, and it was always the intention of the Commission that the permit would be utilized within a reasonable length of time.

Q Why is that?

A One of the important things that is presented on the form is the estimated gross volume of oil that is contained in the pit. If we issue a permit for 20 or 30 barrels of oil, which it is uneconomical to salvage because of the distance from a gathering system, this volume could change if the permit were not utilized within a reasonable time. The volume of oil in the pit 60 or 90 days after the date it was approved may be materially increased and a permit would not be issued for the increased volume of oil.

Q Do you, therefore, recommend that Rule 311 (b) be revised to put a specific time limit in which the approved C-117a must be used?

A Yes, sir; I would recommend **that** change.

Q And what time limit would you put in this?

A I would recommend that Rule 311 (b) be revised to provide that the permit must be utilized within ten days after the date of approval.



Q In certain instances would it be not feasible to utilize such a permit within the ten-day period?

A There may be instances when ten days would not be adequate. The only reason I can think of would be a time where you might have prevailing winds blowing constantly for ten days towards the tank battery, and you wouldn't want to set the pit on fire for the hazard it might create to the battery. Provision can be made in the revised rule that a ten-day extension could be granted, in writing, by the office which entered the permit.

Q And any further extension would not be granted; they would have to file for a new permit?

A I think in that instance it would be better to get a new permit.

Q Do you have any further comments or recommendations in this case?

A No, sir. I do want to say that I feel that the adoption of the sediment oil destruction permit has been very effective in eliminating a rather sizeable quantity of waste that we once had. One company has advised me that on one lease, in one pool, they have salvaged ten barrels per day average since the utilization of this permit. They were losing oil they didn't know they were losing, in other words.

MR. PAYNE: That concludes the direct examination of this witness.

MR. PORTER: Would anyone like to question Mr. Nutter



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concerning the proposed change in this Rule 311? Witness may be
excused. Anyone have any statement to make concerning the revision?
The Commission will take the case under advisement and take up next
2069.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, JUNE PAIGE, Court Reporter, 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 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 this 20th day of September, 1960, in the
City of Albuquerque, County of Bernalillo, State of New Mexico.



Court Reporter

