

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 11, 1962

EXAMINER HEARING

FARMINGTON, N. M.
PHONE 325-1162

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243 6691

IN THE MATTER OF:
Application of James N. Evans and Dallas
McCasland, d/b/a Precision Pump and Supply and
McCasland Hot Oil Service, for a permit pur-
suant to Rule 312 to construct a plant to
reclaim sediment oil near the town of Eunice,
in Lea County, New Mexico.

CASE NUMBER
2599

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The next case is case 2599.

MR. MORRIS: Application of James N. Evans and Dallas McCasland doing business as Precision Pump and Supply and McCasland Hot Oil Service, for a Rule 312 permit.

MR. MARTIN: W. S. Martin, attorney representing Mr. Evans and Mr. McCasland. Mr. McCasland, would you be sworn, please?

MR. NUTTER: Just one witness?

MR. MARTIN: Just one witness.

(Witness sworn).

DALLAS McCASLAND

called as a witness, having been first duly sworn on oath, was examined and testified as follows:



DIRECT EXAMINATION

BY MR. MARTIN:

Q State your name, please?

A Dallas Mark McCasland.

Q Where do you live?

A 1200 Avenue Gold, Eunice, New Mexico.

Q You are the applicant, together with Mr. James M. Evans, in Case 2599, for - - application for treating plant permit?

A Yes, sir.

Q Where do you propose to locate such?

A Approximately one mile west of Eunice, New Mexico.

Q What type of treater plant do you propose to build?

A Well, it will be a staggered, horizontal, oil-type treater, a centrifugal pump.

Q How large a plant would that be in terms of daily capacity?

A Well, it would be capable of treating - - well, it all depends. It could treat 500 barrels a day, if you had the oil.

Q The process there is to officially process, treat, and reclaim sediment oil; is that correct, sir?

A Yes.

Q From where will it be obtained?

A From the tank bottoms and waste water pits.

Q You are presently in the hot oil business, are you not, sir?

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A Yes, sir.

Q Do you ever, in your business, clean any tanks?

A Yes, sir. we do.

Q Do you propose to obtain sediment from tanks and pits from various wells?

A Yes, sir.

MR. MARTIN: That is all at the moment, sir.

MR. NUTTER: Are there any questions of Mr. McCasland?

CROSS EXAMINATION

BY MR. MORRIS:

Q Are you familiar with the rules and regulations of the Commission, pertaining to the operation of a treating plant?

A Yes, sir, I have read the rules and regulations.

Q And have you already furnished to the Commission a bond as provided for in Rule 312?

A No, sir, not yet.

MR. MORRIS: I would suggest that the bond be furnished, inasmuch as approval of the permits would be dependent upon the bond.

MR. MARTIN: Naturally.

Q (By Mr. Morris) Mr. McCasland, do you intend to purchase and obtain the sediment oil from a particular area? Have you already made arrangements to do this?

A No, sir, not yet, but I believe I can if I get the permit.

A I see. Would you be willing to state, at this time, just what area you would be operating in?

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A Yes, sir. In the vicinity of Eunice and Jal, New Mexico.

Q What particular pools would be involved in your work?

A I don't understand, you mean the - - the oil pools?

Q Yes, sir.

A All the oil pools.

Q And from the production in that particular area, you would hope to get some tank bottom business?

A Yes, sir.

Q Will you transport these tank bottoms in a - - what type of vehicle?

A Well, sir, I have two vacuum truck tanks, and it would be transported from the tanks. It would be transported clean to the treater plant.

Q Mr. McCasland, you are familiar with our rule to the effect that these tank bottoms, when they are recovered, have to be charged back against the allowable for the particular zones from which they came?

A Yes, sir.

Q Not just the lease, but to the particular pools involved?

A Well, that is all separated in the bottom waste and tanks.

Q Do you foresee any particular problem in cleaning tanks in your accounting procedures and keeping track of exactly how much oil was taken from this particular zone and this particular lease?

A No, sir, unless some tanks are co-mingled. That would be



the only problem we have. We have centrifuge machines and --

Q And you state that you are familiar with the forms C-110 and C-118 that you are required to file with the Commission?

A Well, sir, I am not familiar with them.

Q You are familiar with the fact you have to file them?

A Yes, sir.

MR. MORRIS: That's all. Thank you.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. McCasland, a bit more detail as to the location of the plant?

A One mile west of Eunice. Also we have a site in mind that we can get. It's just about one mile west, isn't it, Jimmie?

MR. EVANS: Approximately one mile west of the City of Eunice on the highway out of town, oil center highway, highway 176,

Q (by Mr. Nutter) At the west edge of the city limits of Eunice on the oil center highway number 176?

A Yes, sir.

Q Now, would you go into a bit more detail as to the description of the plant you are going to install?

A Well, sir, I have built three treaters myself, and it will be 700 feet of 2 inch seamless tubing with the burners in the bottom, centrifugal pumps, circulating pump.

Q In other words, that is going to be mostly a heat treating process that you will put the oil through?



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A Yes, sir.

Q Chemicals also?

A Yes, sir, if necessary.

Q What will the fuel be for the furnace under the heating plant?

A Natural gas, if we can get it. If not, butane.

Q I see, and then from the process of pumping this sediment oil through this 700 feet of tubing and treating it with the additional method of chemicals, you will remove the sediment?

A Yes, sir. Agitation and heat and chemicals. At times it will be necessary to use agitation to treat it.

Q To come up with a salable product?

A Yes, sir.

Q What arrangements have you made to sell this product?

A None, sir. We haven't --

Q Do you have any idea what you will do with the oil?

A Sell it to the pipe lines, if they will take it.

Q You have not made any commitments to any pipe line?

A No, sir. I talked to the Texas-New Mexico.

Q Texas-New Mexico Pipe Line is a prospective purchaser of the oil?

A Yes, sir.

MR. NUTTER: Are there any further questions of Mr. McCasland?

MR. MARTIN: You felt it would be a trifle premature to



make any commitments as far as selling oil is concerned, or to make any purchase, until you had gotten your approval through the Commission?

A The first step is to get the permit.

MR. NUTTER: Mr. McCasland, do you have any idea as to when we could expect the bond to be forthcoming?

A Yes, sir, tomorrow or possibly this afternoon.

MR. NUTTER: Are there any further questions of Mr. McCasland? Do you have anything further, Mr. Martin?

MR. MARTIN: Nothing further.

MR. NUTTER: Is there anything else in Case 2599? If not, the Commission will take the case under advisement and take a fifteen-minute recess.

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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. 2599
Order No. R-2290

APPLICATION OF JAMES N. EVANS
AND DALLAS McCASLAND FOR PER-
MISSION 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 July 11, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 25th day of July, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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 applicants, James N. Evans and Dallas McCasland, seek permission to operate a sediment oil treating plant to be located approximately one mile west of the Town of Eunice, Lea County, New Mexico, on State Road No. 176.
- (3) That the applicants, James N. Evans and Dallas McCasland, d/b/a Southwest Reclamation Service, a Partnership, have filed a \$10,000 Performance Bond which has been approved by the Commission.
- (4) That the operation of sediment oil treating plants such as the one proposed by the applicants is in the best interest of conservation and prevents the waste of oil otherwise unrecoverable.

IT IS THEREFORE ORDERED:

That the applicants, James N. Evans and Dallas McCasland, d/b/a Southwest Reclamation Service, a Partnership, are hereby granted permission to operate a sediment oil treating plant to be located approximately one mile west of the Town of Eunice, Lea County, New Mexico, on State Road No. 176.

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CASE No. 2599
Order No. R-2290

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 herein-
above designated.

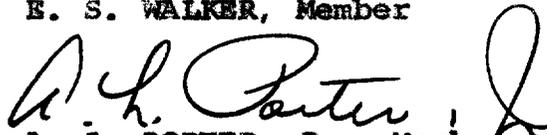
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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

