

**NM1 - 25**

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**PERMITS,  
RENEWALS, &  
MODS**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

April 11, 2001

Lori Wrotenbery

Director

Oil Conservation Division

**CERTIFIED MAIL**

**RETURN RECEIPT NO. 7099-3220-0000-5051-2122**

Mr. Larry Gandy  
Gandy Corporation  
P.O. Box 827  
Tatum, NM 88267

**RE:   OCD Rule 711 Permit Approval WM-1-025  
      Gandy Corporation  
      Commercial Surface Waste Management Facility  
      SE/4 of Section 11, Township 10 South, Range 35 East, NMPM  
      Lea County, New Mexico**

Dear Mr. Gandy:

The permit application for the Gandy Corporation (Gandy) commercial surface waste management facility located in SE/4 of Section 11, Township 10 South, Range 35 East, NMPM, Lea County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$98,855.** According to the schedule outlined in the financial assurance section of the enclosed attachment, a portion of the \$98,855 financial assurance (\$49,427) is required within thirty (30) days of the date of this permit approval letter. The application consists of the permit application Form C-137 dated March 6, 2001.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treating plant methods must receive prior OCD approval. Gandy is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Gandy of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Gandy of responsibility for compliance with other federal, state or local laws and/or regulations.

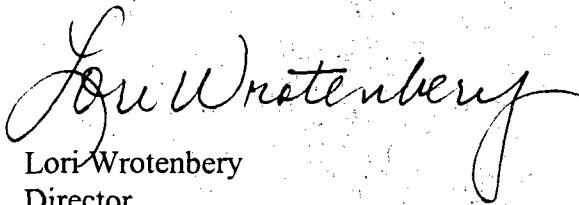
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 476-3488.

Sincerely,



Lori Wrotenberg  
Director

LW/mjk

xc with attachments:  
Hobbs OCD Office

**ATTACHMENT TO OCD 711 PERMIT APPROVAL**  
**PERMIT WM-1-025**  
**GANDY CORPORATION**  
**SE/4 of Section 11, Township 10 South, Range 35 East, NMPM,**  
**Lea County, New Mexico**  
**(April 11, 2001)**

**TREATING PLANT OPERATION**

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) permit number; c) location by section, township and range; and d) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
4. Any major design changes to the surface waste management facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
5. Facility inspection and maintenance must be conducted on at least a weekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the tank(s), additional wastes may not be placed into the affected tank(s) until repairs have been completed.
6. All saddle tanks or drums located at the facility and containing materials other than fresh water must be placed on an impermeable pad with curb containment. The pad and curb containment must be able to hold one and one-third the volume of the largest tank or all interconnected tanks. The tanks and containers must be labeled as to contents and hazards.
7. All existing above-ground tanks located at the facility and containing materials other than fresh water must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.
8. All new or replacement above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will contain one and one-third the volume of the largest tank or all

interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.

9. Below-grade sumps and below-grade tanks must be inspected on a regular basis and fluid must be removed to prevent overflow.
10. Below-grade sumps and below-grade tanks must be cleaned and visually inspected annually. Results must be recorded and maintained at the facility for OCD review. If sump/tank integrity has failed the OCD must be notified within 48 hours of discovery and the sump/tank must be replaced.
11. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection system. The leak detection system must be inspected for fluids weekly. Results must be recorded and maintained at the facility for OCD review. If fluids are present they must be removed and properly disposed of or recycled and the primary containment checked for leaks and repaired or replaced. Records of inspections and repairs must be made available to the OCD upon request.
12. Below-grade pipelines associated with the treating plant must be pressure tested annually. Results must be recorded and maintained at the facility for OCD review. If pipeline integrity has failed the OCD must be notified within 48 hours of discovery and the line must be repaired or replaced. Contaminated soil must be removed and disposed of at an OCD-approved facility. Soil remediation must follow OCD surface impoundment closure guidelines. The permittee must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.
13. Liquid and solid waste generated at the treating plant must be disposed of at an OCD-approved disposal facility.
14. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits and ponds shall be screened, netted or covered.
15. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected or reported, the facility must implement the following response procedure:
  - a. log date and approximate time of notice that an odor exists;
  - b. log investigative steps taken, including date and time, and conclusions reached; and
  - c. log actions taken to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, landfarming, or other similar responses.

A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

## **H<sub>2</sub>S PREVENTION & CONTINGENCY PLAN**

1. Gandy must develop a prevention and contingency plan for ambient H<sub>2</sub>S levels to protect public health. **The H<sub>2</sub>S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval by June 11, 2001.** The plan must address how Gandy will monitor for H<sub>2</sub>S to ensure the following:
  - a. If H<sub>2</sub>S of 1.0 ppm or greater leaves the property:
    - i. the operator must notify the Hobbs office of the OCD immediately; and
    - ii. the operator must begin operations or treatment that will mitigate the source.
  - b. If H<sub>2</sub>S of 10.0 ppm or greater leaves the property:
    - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:  
  
New Mexico State Police;  
Lea County Sheriff; and  
Lea County Fire Marshall;
    - ii. the operator must notify all persons residing within one-half (½) mile of the fence line and assist public safety officials with evacuation as requested; and
    - iii. the operator must begin operations or treatment that will mitigate the source.

## **LANDFARM OPERATION**

1. Only soils generated exclusively from pit closure operations at the Gandy Corporation surface waste management facility may be landfarmed at the Gandy Corporation facility landfarm.
2. Contaminated soil must be spread on the surface in lifts of six inches or less.
3. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
4. Moisture may be added as necessary to enhance bioremediation and to control blowing dust. There may be no ponding, pooling or run-off of water allowed. Any ponding of precipitation must be removed within twenty-four (24) hours of discovery.

5. Authorization from the OCD must be obtained prior to removal of the remediated soils.
6. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers requires prior approval from the OCD. Requests for application of microbes or fertilizers must include the location of the area designated for the program, the composition of additives, and the method, amount and frequency of application.
7. Any design changes to the landfarm facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
8. Landfarm inspection and maintenance must be conducted on at least a biweekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible.

#### **TREATMENT ZONE MONITORING**

1. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface must be monitored. A minimum of one random soil sample must be taken from each individual cell quarterly, with no cell being larger than five (5) acres. The sample must be taken at two (2) to three (3) feet below the native ground surface.
2. The soil samples must be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
3. After soil samples are obtained, the boreholes must be filled with an impermeable material such as cement or bentonite.

#### **WASTE ACCEPTANCE CRITERIA**

1. The facility is authorized to accept only:
  - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes other than wastes returned from the well bore in the normal course of well operations such as produced water and spent treating fluids received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.

- b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:
    - i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
    - ii. A "Generator Certificate of Waste Status" signed by the generator.
    - iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.
  - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
  3. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.
  4. No waste will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A.
  5. No produced water may be received at the facility unless the transporter has a valid Form C-133, Authorization to Move Produced Water, on file with the Division.

## **REPORTING**

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A), which details the oil recovered and sold during the preceding month, must be submitted to the OCD Hobbs office monthly.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs office according to form directions.



3. Records of treating plant and landfarm inspections and maintenance and of pipeline testing and maintenance must be kept and maintained for OCD review.
4. Gandy must notify the **OCD Santa Fe and Hobbs offices within 24 hours** of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt; 6) NORM status declaration; and 7) transporter.
6. Analytical results from the treatment zone monitoring must be submitted to the OCD Santa Fe office **within thirty (30) days** of receipt from the laboratory.
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

#### **FINANCIAL ASSURANCE**

1. Financial assurance in the amount of **\$98,855** in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Gandy Corporation for the commercial surface waste management facility. A bond in the amount of \$25, 000 is already on file with the Division.

**By May 11, 2001** Gandy Corporation must submit 50% of the financial assurance in the amount of **\$49,427**.

**By May 11, 2002** Gandy Corporation must submit 75% of the financial assurance in the amount of **\$74,140**.

**By May 11, 2003** Gandy Corporation must submit 100% of the financial assurance in the amount of **\$98,855**.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

## CLOSURE

1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.
2. The closure plan to be submitted must include the following procedures:
  - a. When the facility is to be closed no new material may be accepted.
  - b. All tanks must be emptied and any waste and recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.
  - c. Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.
  - d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses, the structures, berms, or fences may be left in place.
  - e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

## CERTIFICATION

Gandy Corporation, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Gandy Corporation further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public health and the environment.

Accepted:

GANDY CORPORATION

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

**ATTACHMENT TO OCD 711 PERMIT APPROVAL**  
**PERMIT WM-1-025**  
**GANDY CORPORATION**  
**SE/4 of Section 11, Township 10 South, Range 35 East, NMPM,**  
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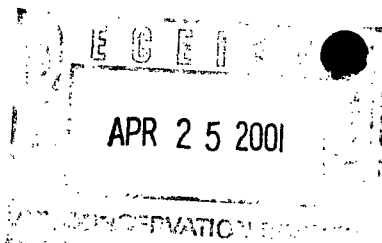
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  - e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

## CERTIFICATION

Gandy Corporation, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Gandy Corporation further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public health and the environment.

Accepted:

GANDY CORPORATION

Signature Larry Gandy Title V-P Date 4-20-01

**ATTACHMENT 1**  
**OCD Environmental Bureau Closure Cost Estimate**  
**For**  
**Gandy Corporation**  
**20 acre surface waste management facility**  
**March 27, 2001**

**Items and rates taken from closure cost estimates submitted August 8, 1997 and March 2001.**

**Known: 33 tanks located at the facility**

12 - 210 bbl oil storage tanks	2 - 436 bbl waste water tanks	2 - 500 bbl waste fluid tanks
4 - 300 bbl oil storage tanks	4 - 500 bbl waste water tanks	1 - 750 bbl waste fluid tank
1 - 350 bbl oil storage tank		
1 - 436 bbl oil storage tank		
2 - 500 bbl oil storage tanks		
4 - 750 bbl oil storage tanks		
1 - 1000 bbl oil storage tank		

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**Job Foreman/Coordinator:**

18 days @ \$250 per day	<b>\$4500.00 Total</b>
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**NORM Survey**

Certified NORM tech. \$ 55.00 hr    24 hours	<b>\$1320.00 Total</b>
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**Remove Fluids From All Tanks.**

130 bbl transport truck & driver \$70.00/hour  
2 hours per trip  
\$0.35 bbl produced water disposal cost (quotes from other 711 facilities)  
\$3.75 bbl non-exempt waste disposal cost (quotes from other 711 facilities)  
\$3.25 bbl tank bottom BS&W (quotes from other 711 facilities)

Oil sale tanks removed any oil for sale = Total 9506 bbl

Waste water tanks dispose of fluid as produced water = Total 2872 bbl

Waste fluid tanks dispose of waste as exempt tank bottom /BS&W = 1750 bbl

Waste water 2872 bbl \* \$0.35 bbl = \$ 1005.00

Waste fluid 1750 bbl \* \$3.25 bbl = \$ 5688.00

Transport of 2872 bbls to injection well

23 trips, 1 hour round trip = 32 hours \* \$70.00/hour \$ 2,240.00

Transport of 1750 bbls to treating plant

14 trips, 2.5 hours round trip = 35 hours \* \$70.00/hour \$ 2,450.00

**= \$ 11,383 total tank fluid transport and disposal**

---

## Tank Cleaning

Tank Cleaning: Jet truck, vacuum truck	\$ 7,920.00
Jet water: 1000 bbl fresh water	\$ 200.00
Jet water disposal: 1100 bbl \$3.25 /bbl	\$ 3,575.00
Hauling 130 bbl per load * 2.5 hours round trip mi. * \$65.00 hr	\$ 1,463.00
	<u>\$13,158.00</u> Tank Cleaning

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## Remove Tanks, Piping and Equipment:

Removal of tanks and residual equipment: To include trucking, heavy equipment and operators, recycling. Estimate from other 711 facility closure costs

Roustabout crew/truck \$60 hr * 140 hr	\$8400.00
Operator tandem winch/trailer \$85 hr * 140 hr	<u>\$11,900.00</u>
	<b>\$20,300.00 Tank and Equipment Disposal</b>

To include trucking, disposal, heavy equipment and operators  
Estimate from other 711 facility closure costs

---

## Quarterly Analytical Analysis for 15 acres two years on three (3), cells

### State Contract Laboratory Prices per analysis:

BTEX \$ 40.00 x 8 quarters x 3 cells	= \$960.00
TPH \$ 50.00 x 8 quarters x 3 cells	= \$1,200.00
Metals \$200.00 x 2 years x 3 cells	= <u>\$1,200.00</u>
	<b>\$3,360.00 Analytical</b>

---

## Quarterly Sampling Time and Labor for 3 Cells

Labor \$55.00/hour  
Sample 30 min per cell  
Travel 2 hour  
Delivery & Paperwork 1 hour

Total Time = (30min/cell x 3 cells) + 2 hours + 1 hours = 4.5 hours

4.5 hours \* \$55.00/hour = \$248.00/sampling event

\$248.00/sampling event \* 8 quarters = **\$ 1,984.00 Labor**

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**Disking/Tilling for Two Years Every Two Weeks for 15 acres**

**Price and Time Quotes from Equipment Operators and Landfarm Operators:**

Small Tractor and Operator \$50.00 /hour  
5 acres per hour = 12 min per acre

15 acres \* 12 min x 52 weeks = 156 hours  
156 hours \* \$50.00/hour = **\$ 7,800.00 Disking/Tilling**

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**Water for Bioremediation**

**Price Quotes from Equipment Operators**

Water Truck \$120.00/load

\$120.00/load \* 3 loads x 12 Events in Two Years = **\$4,320.00 Water**

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**Level Landfarm**

**Price and Time Quotes from Equipment Operators**

D-6 Dozer and Operator \$90.00/hour

\$90.00/hour x 30 min/acre x 15 acres = **\$675.00 Level Landfarm**

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**Revegetation for 15 acre site**

**Equipment and labor cost**

Tractor and seed drill \$50.00/hour @ 15 min/acre for 15 acres = \$188.00

**Materials Cost**

Native Seed mix \$10.00/lb @ 5 lb/acre for 15 acres = \$750.00  
**\$938.00 Revegetation**

---

### **Analytical Analysis for site characterization**

33 confirmatory samples taken beneath tanks.

State Contract Laboratory Prices per analysis:

BTEX	\$ 40.00	* 33 samples	=	\$ 1,320.00
TPH	\$ 50.00	* 33 samples	=	\$ 1,650.00
Metals	\$200.00	* 33 samples	=	\$ 6,600.00
Radium 226	\$110.00	* 33 samples	=	\$ 3,630.00
				<u>\$13,200.00</u> Analytical

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### **Confirmatory Soil Sampling Time and Labor for 33 samples**

Labor 2 personnel \$55.00/hour

Sample 30 min per sample

Travel 1 hour

Delivery & Paperwork 2 hours

Total Time = (30 min/sample \* 33 samples) + 1 hour + 2 hours = 19.5 hours

19.5 hours \* \$55.00/hour \* 2 persons = **\$2,145.00 Sampling Event**

---

%10 Contingency = \$8,508.00

### **Total Closure and Vegetation Cost for Treating Plant and Landfarm facility**

\$ 93,591.00	Subtotal
<u>\$ 5,264.00</u>	NMGRT .05625
<b>\$ 98,855.00</b>	<b>Total Financial Assurance</b>

Existing Commercial Facilities financial assurance may be no less than \$25,000 no more than \$250,000.



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

July 22, 1993

**CERTIFIED MAIL**

**RETURN RECEIPT NO. P-667-242-001**

Mr. Dale Gandy, President  
Gandy Corporation  
P.O. Box 827  
Tatum, New Mexico 88267

**RE: APPROVAL OF OCD RULE 312 PERMIT MODIFICATION  
GANDY CORPORATION TREATING PLANT  
LEA COUNTY, NEW MEXICO**

Dear Mr. Gandy:

The New Mexico Oil Conservation Division (OCD) has received your June 25, 1993, request for a permit modification to reclaim and close the unlined oilfield service pits at the Gandy Corporation Treating Plant located in SE/4 of Section 11, Township 10 South, Range 35 East, NMPM, Lea County, New Mexico. The facility was permitted by the Oil Conservation Commission under Order No. R-4594 on July 23, 1973 for the purpose of treating and reclaiming sediment oil obtained from tank bottoms and waste pits.

Based on the information supplied in the proposal dated June 25, 1993, and the supplemental materials dated June 18, 1993, the request to reclaim and close the unlined pits at the Gandy Treating Plant is hereby approved under the following conditions:

1. Water recovered from the reclamation operation will be stored in a lined evaporation pond. Any excess water will be hauled to and disposed of down an OCD approved disposal well (UIC Class II).
2. The solids and sludges generated as by-products in the reclamation process may either be remediated onsite or transported offsite for disposal/remediation at an OCD approved facility. Onsite treatment of solids and sludges must receive OCD approval prior to conducting operations.

Mr. Dale Gandy  
July 22, 1993  
Page 2

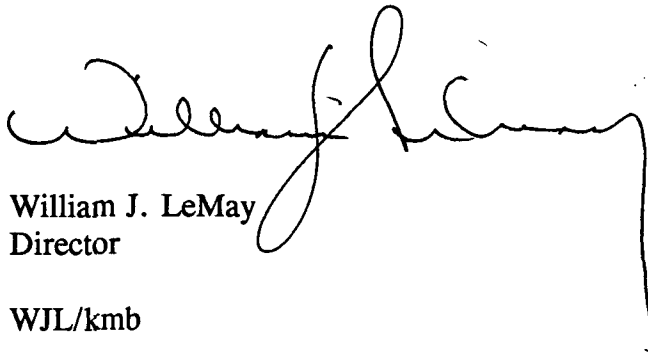
3. After the reclamation process is finished, Gandy will conduct cleanup of the location which may include, but is not limited to, closure of the lined evaporation pond(s), backfilling the pits, and restoration of the closed portion of the facility.

Please be advised that approval of this operation does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment actionable under other laws and/or regulations. In addition, the OCD approval does not relieve you of liability for compliance with any other laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds.

If you have any questions, please feel free to contact Kathy Brown at (505) 827-5884.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long horizontal flourish extending to the right.

William J. LeMay  
Director

WJL/kmb

xc: Jerry Sexton, OCD Hobbs Office

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

Gandy

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5012  
Order No. R-4594

APPLICATION OF GANDY CONSTRUCTION  
FOR AN OIL TREATING PLANT PERMIT,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 27, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 23rd day of July, 1973, the Commission, a  
quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, 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 applicant, Gandy Construction, seeks authority  
to install and operate an oil treating plant, utilizing heat,  
solvents, and chemicals, in the SE/4 of Section 11, Township 10  
South, Range 35 East, NMPM, Lea County, New Mexico, for the  
reclamation of sediment oil to be obtained from tank bottoms and  
waste pits.

(3) That the proposed plant and method of processing will  
efficiently process, treat, and reclaim the aforementioned waste  
oil, thereby salvaging oil which would otherwise be wasted.

(4) That the subject application should be approved as  
being in the best interest of conservation.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gandy Construction, is hereby  
authorized to install and operate an oil treating plant,  
utilizing heat, solvents, and chemicals, in the SE/4 of Section 11,  
Township 10 South, Range 35 East, NMPM, Lea County, New Mexico,  
for the purpose of treating and reclaiming sediment oil to be  
obtained from tank bottoms and waste pits;



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;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant 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.

(2) That the operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the tract upon which the plant is located.

(3) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

April 4, 1988

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

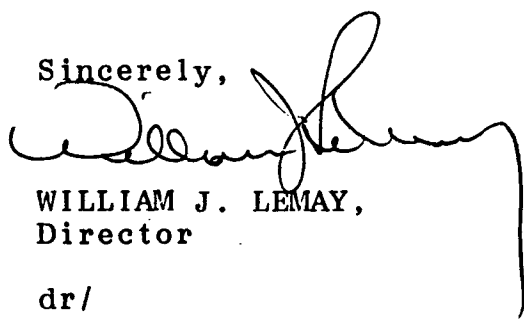
Gandy Pumping Service  
P. O. Box 827  
Tatum, New Mexico 88267

Re: \$25,000 Treating Plant Bond  
Gandy Corporation dba Gandy Pumping  
Service, Principal  
United Pacific Insurance Co., Surety  
Sec. 11, T-10-S, R-35-E, Lea County  
Bond No. U684263

Gentlemen:

The Oil Conservation Division hereby approves the above-referenced treating plant bond effective this date.

Sincerely,

  
WILLIAM J. LEMAY,  
Director

dr/

cc: Oil Conservation Division  
Hobbs, New Mexico

United Pacific Insurance Co.  
P. O. Box 1258  
Hobbs, New Mexico 88241

CASE No.

5012

Application,

Transcripts,

Small Exhibits

ETC.

DATED at Lovington, New Mexico, this 31<sup>st</sup> day of  
May, 1973.

GANDY CONSTRUCTION, a  
Partnership composed of  
M. C. Gandy and Dale Gandy

By Dale Gandy  
Dale Gandy, Partner

HEIDEL, SAMBERSON, GALLINI & WILLIAMS  
Post Office Box 1298  
Lovington, New Mexico

By C. Gene Samberson  
DOCKET MAILED  
Date 6/28/73

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & MORRIS  
Post Office Box 2307  
Santa Fe, New Mexico

By Richard S. Morris  
Attorneys for Applicant

DOCKET MAILED

Date 6/28/73

STATE OF NEW MEXICO )  
                                  :SS  
COUNTY OF LEA )

DALE GANDY, being first duly sworn upon his oath, deposes  
and says: That he is a partner in Gandy Construction, applicant  
in the above styled matter and that he is authorized on behalf of  
said partnership to make this application; that he has read the  
foregoing application for treating plant permit and knows and under-  
stands the contents thereof and that same are true of his own  
knowledge.

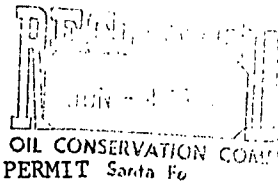
Dale Gandy  
Dale Gandy

SUBSCRIBED AND SWORN TO before me this 31<sup>st</sup> day of May, 1973.

My Commission Expires:

November 11, 1975

Shirley Patterson  
Notary Public



APPLICATION FOR TREATING PLANT PERMIT Santa Fe  
PURSUANT TO RULE 312 BEFORE THE NEW  
MEXICO OIL CONSERVATION COMMISSION

*Page 5012*

In the matter of the application of GANDY CONSTRUCTION, a partnership composed of M. C. GANDY and DALE GANDY, Tatum, New Mexico, for a treating plant permit authorizing applicant to process, treat and reclaim sediment oil.

Applicant respectfully requests the New Mexico Oil Conservation Commission to issue a treating plant permit authorizing it to construct such a plant to be located 13 miles North and 3/4th mile East of Tatum, Lea County, New Mexico, on land owned by M. C. Gandy, said location being more particularly described as follows, to-wit:

The surface estate of the Southeast Quarter (SE $\frac{1}{4}$ ) of Section 11 and the Southwest Quarter (SW $\frac{1}{4}$ ) of Section 12, all in Township 10 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

Said plant will consist of a heater-treater 4' X 24'; two 500 barrel tanks; one 300 barrel tank; one 100 barrel tank (to be used for purpose of storing distillate which applicant will purchase and use to mix with the reclaimed oil). Applicant contemplates said plant will have a total capacity of 200 barrels per day.

Applicant affirmatively states it will comply with all rules and regulations required by the New Mexico Oil Conservation Commission, including, but not limited to, the filing of a \$10,000.00 performance bond and preparing and filing required reports.

DOCKET MAILED

*See page 2*  
Date 6/12-13

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 27, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4983: (Continued from the June 6, 1973, Examiner Hearing)

Application of Gulf Oil Corporation for simultaneous well dedication and non-standard locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of two wells to a standard 640-acre gas proration unit comprising all of Section 35, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, said wells being the W. A. Ramsay (NCT-A) Wells Nos. 20 and 7 at non-standard locations in the center of Units E and N, respectively, of said Section 35.

CASE 4966: (Continued from the June 6, 1973, Examiner Hearing)

Application of Read & Stevens, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 36, Township 12 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled to the Queen formation in Unit B of said Section 36, in the Southeast Chaves Queen Gas Area. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a 200 percent charge for risk involved in drilling said well.

CASE 5008: Application of Hondo Drilling Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the perforated interval from 5034 feet to 5038 feet, or in the alternative, from 5128 feet to 5134 feet in its Gulf "NW" State Well No. 2 located in Lot 6 of Section 6, Township 24 South, Range 33 East, Triple "X" Delaware Pool, Lea County, New Mexico.

CASE 5009: Application of Wendell C. Welch for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 of Section 35, Township 17 South, Range 27 East, Eddy County, New Mexico.

CASE 5010: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Pennsylvanian formation underlying the N/2 of Section 18, Township 18 South, Range 26 East adjacent to the West Atoka Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North line and 660 feet from the West line of said Section 18, the unorthodox location of which was previously approved by Commission Order No. R-4508. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5011: Application of El Paso Natural Gas Company for extension of Order No. R-4342, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the provisions of Order No. R-4342, which order authorized the applicant to produce certain non-marginal wells in the San Juan 32-9 Unit Area, Blanco Mesaverde Pool, San Juan County, New Mexico, at full capacity while conducting tests, "making up said overproduction by underproducing other non-marginal wells within the participating area.

CASE 5012: Application of Gandy Construction for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 of Section 11, or the SW/4 of Section 12, Township 10 South, Range 35 East, Lea County, New Mexico.

CASE 5013: Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through its Lea Wells Nos. 4 and 6 located in Units I and O, respectively, of Section 29, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

Applicant further seeks an administrative procedure for the drilling of additional injection and producing wells at orthodox and unorthodox locations without further notice and hearing.

CASE 5014: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the W/2 of Section 26, Township 25 South, Range 24 East, adjacent to the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location for said unit.

(Case 5014 continued from page 2)

Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5015: Application of Michael P. Grace II and Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests down to and including the Morrow formation underlying the S/2 of Section 16, Township 24 South, Range 26 East, adjacent to the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 4988: (Continued and Readvertised)

Application of Texaco Inc. for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Blinebry, Tubb, and Drinkard Oil Pools in the wellbore of its A. H. Blinebry Well No. 28 located in Unit A of Section 29, Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 5016: Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Seven Rivers-Queen Unit Area comprising 2262 acres, more or less, of State and Fee lands in Townships 22 and 23 South, Range 36 East, Lea County, New Mexico.

CASE 5017: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Seven Rivers-Queen Unit Area by the injection of water into the Seven Rivers and Queen formations through 28 wells located in Sections 27, 34, and 35, Township 22 South, Range 36 East, and Sections 2 and 3, Township 23 South, Range 36 East, Lea County, New Mexico.

CASE 5018: Southeastern nomenclature case calling for an order for the creation, extension and contraction of certain pools, and the assignment of an oil discovery allowable, Lea and Roosevelt Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Humble City-Wolfcamp Pool. The discovery well is the Pubco Petroleum Corporation



(Case 5018 continued from page 3)

Shipp No. 4 located in Unit I. of Section 11, Township 17 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM  
Section 11: SW/4

Also the assignment of an oil discovery allowable of approximately 47,970 barrels of oil to the aforesaid Shipp Well No. 4.

(b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Queen production and designated as the Shinnery-Queen Pool. The discovery well is the Burleson & Huff Cinco de Mayo Federal No. 1 located in Unit C of Section 24, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 24: NW/4

(c) Contract the Bagley-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM  
Section 34: S/2 NE/4

(d) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM  
Section 34: S/2 NE/4

(e) Contract the South Prairie-Cisco Pool in Roosevelt County, New Mexico, by the deletion of the following described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM  
Section 28: NW/4

(f) Extend the East Brunson-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 13: NW/4

(g) Extend the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM  
Section 1: NE/4  
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 6: N/2

(h) Extend the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
Section 7: NE/4

(i) Extend the Justis Tubb-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
Section 12: NW/4

dearnley, meier & associates

203 SINNS BLDG. P.O. BOX 1092 PHONE 241-6691 ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87109

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
June 27, 1973

EXAMINER HEARING

IN THE MATTER OF:

Case No. 5012

Application of Gandy Construction  
for an oil treating plant permit,  
Lea County, New Mexico.

BEFORE: ELVIS A. UTZ,  
Examiner.

TRANSCRIPT OF HEARING

1 MR. UTZ: We have another continuation, Case 5012.

2 MR. CARR: Case 5012, Application of Gandy  
3 Construction for an oil treating plant permit, Lea County,  
4 New Mexico.

5 MR. MORRIS: Mr. Examiner, I am Dick Morris of  
6 Montgomery, Federici, Andrews, Hannahs & Morris, Santa  
7 Fe, appearing on behalf of the applicant in this case.  
8 We would move that this case be continued to the next  
9 examiner hearing, which I understand is July 11.

10 MR. UTZ: Correct. Case 5012 will be continued  
11 to the July 11 examiner hearing.

12 Does anyone else have anything they'd like to dismiss  
13 or continue?

14 (No response.)

15  
16 STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) SS.

17 I, JOHN DE LA ROSA, a Court Reporter, in and for the  
18 County of Bernalillo, State of New Mexico, do hereby  
19 certify that the foregoing and attached Transcript of  
20 Hearing before the New Mexico Oil Conservation Commission  
was reported by me; and that the same is a true and  
correct record of the said proceedings to the best of  
my knowledge, skill and ability.

21  
22 I do hereby certify that the foregoing is  
23 a correct and true transcript of the proceedings in  
the Examiner's hearing of Case No. 5012  
heard by me on June 27, 1973  
24 *John De La Rosa* Examiner  
New Mexico Oil Conservation Commission  
25

*John De La Rosa*  
COURT REPORTER

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for August, 1973.

CASE 4749: (Reopened) (Continued from the June 6, 1973, Examiner Hearing)

In the matter of Case No. 4749 being reopened pursuant to the provisions of Order No. R-4338, which order established special rules and regulations for the Humble City-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre proration units. All interested parties may appear and show cause why said pool should be developed on other than 40-acre units.

CASE 5019: Application of Citires Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 of Section 14, Township 20 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled in an undesignated Morrow gas pool at a standard location in Unit K of said Section 14. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5020: Application of Belco Petroleum Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Salt Lake-Morrow Gas Pool, including a provision for 320-acre drilling and proration units. In the absence of objection, this pool will be placed on 320-acre spacing rather than the present 160-acre spacing.

CASE 5021: Application of Mobil Oil Corporation for an unorthodox oil well location and special pool allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed New Mexico "B" Well No. 9 at an unorthodox location 940 feet from the North line and 1510 feet from the East line of Section 27, Township 10 South, Range 32 East, Mescalero-Devonian Pool,

(Case 5021 continued from page 1)

Lea County, New Mexico. Applicant further seeks the assignment of a special depth bracket allowable for said pool of 604 barrels of oil per day.

CASE 5022: Application of Skelly Oil Company for an exception to Rule 104, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Rule 104, authority to produce its Mexico "L" Wells Nos. 1 and 23 located less than 330 feet from each other in Unit A of Section 5, Township 25 South, Range 38 East, and its Mexico "J" Wells Nos. 2 and 23 located less than 330 feet from each other in Unit O in Section 32, Township 24 South, Range 38 East, and its Mexico "J" Wells Nos. 4 and 17 located less than 330 feet from each other in Unit N of said Section 32, all in the Dollarhide-Fusselman Pool, Lea County, New Mexico, each 40-acre unit being limited to one top unit allowable.

CASE 5023: Application of Skelly Oil Company for a waterflood project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Upper and Lower San Andres formations through perforations in the intervals from 4207 feet to 4418 feet and from 4676 to 4849 feet in its Hobbs "T" Well No. 11 located in Unit P of Section 33, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

CASE 5024: Application of Midwest Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cottonwood Spring Unit Area comprising 3838 acres, more or less, of federal and fee lands in Township 25 South, Range 26 East, Eddy County, New Mexico.

CASE 5025: Application of The Superior Oil Company for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Upper Seven Rivers gas and Lower Seven Rivers oil in the wellbore of its State "12" Well No. 1 located in Unit L of Section 12, Township 21 South, Range 35 East, Eumont Pool, Lea County, New Mexico. Said well was authorized as a gas-oil dual completion in the Eumont Pool by Commission Order DC-142.

CASE 5026: Application of The Superior Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow, Atoka, Strawn and Canyon formations underlying the N/2 of Section 7, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a 150 percent charge for risk involved in drilling said well.

CASE 5027: Application of Dalport Oil Corporation for the amendment of Order No. R-4553, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4553 to provide that the well to be drilled on the proration unit pooled by said order shall be located in Unit G of Section 17, Township 12 South, Range 31 East, Chaves County, New Mexico, rather than Unit J of said Section 17. In the absence of objection, Order No. R-4553 will be amended as above.

CASE 5015: (Continued and Readvertised)

Application of Michael P. Grace II and Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests down to and including the Pennsylvanian formation underlying Section 16, Township 24 South, Range 26 East, adjacent to the White City-Pennsylvanian Gas Pool, Eddy County, New Mexico, to form a standard 640-acre unit for said pool, to be dedicated to a well to be drilled at an orthodox location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5010: (Continued from the June 27, 1973, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Pennsylvanian formation underlying the N/2 of Section 18, Township 18 South, Range 26 East adjacent to the West Atoka Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North line and 660 feet from the West line of said Section 18, the unorthodox location of which was previously approved by Commission Order No. R-4508. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and up to 200 percent charge for risk involved in drilling said well.

CASE 5012: (Continued from the June 27, 1973, Examiner Hearing)

Application of Gandy Construction for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 of Section 11, or the SW/4 of Section 12, Township 10 South, Range 35 East, Lea County, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE NO. 5012  
Order No. R- 4594

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF GANDY CONSTRUCTION FOR  
AN OIL TREATING PLANT PERMIT, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 27, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of July, 1973, the Commission, a  
quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, 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. *utilizing heat, solvents, and chemicals*

(2) That the applicant, Gandy Construction, seeks authority  
to install and operate ~~an water bath and heat treatment type~~ oil  
treating plant in the SE 1/4 of Section 11  
Township 10 South, Range 35 East, NMPM, Lea County, New Mexico,  
for the reclamation of sediment oil to be obtained from tank  
bottoms and waste pits.

(3) That the proposed plant and method of processing will  
efficiently process, treat, and reclaim the aforementioned waste  
oil, thereby salvaging oil which would otherwise be wasted.

(4) That the subject application should be approved as  
being in the best interest of conservation.

IT IS THEREFORE ORDERED:

*utilizing heat, solvents, and chemicals*  
(1) That the applicant, Gandy Construction, is hereby  
authorized to install and operate ~~an water bath and heat treatment~~  
~~type~~ oil treating plant in the SE 1/4 of Section 11  
Township 10 South, Range 35 East, NMPM, Lea County, New Mexico,  
for the purpose of treating and reclaiming sediment oil to be  
obtained from tank bottoms and waste pits;

-2-

Case No. 5012

Order No. R-

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;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant 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

(2) That the operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the tract upon which the plant is located.

(3) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

(4) That jurisdiction of the cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION





## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

GOVERNOR  
BRUCE KING  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMijo  
MEMBER  
STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

July 24, 1973

Mr. Richard S. Morris  
Montgomery, Federici, Andrews,  
Hannahs & Morris  
Attorneys at Law  
Post Office Box 2307  
Santa Fe, New Mexico

Re: Case No. 5012  
Order No. R-4594  
Applicant:  
GANDY CONSTRUCTION

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x  
Artesia OCC         
Aztec OCC       

Other Mr. Boston Witt

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. 5012  
Order No. R-4594

APPLICATION OF GANDY CONSTRUCTION  
FOR AN OIL TREATING PLANT PERMIT,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 27, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 23rd day of July, 1973, the Commission, a  
quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, 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 applicant, Gandy Construction, seeks authority  
to install and operate an oil treating plant, utilizing heat,  
solvents, and chemicals, in the SE/4 of Section 11, Township 10  
South, Range 35 East, NMPM, Lea County, New Mexico, for the  
reclamation of sediment oil to be obtained from tank bottoms and  
waste pits.
- (3) That the proposed plant and method of processing will  
efficiently process, treat, and reclaim the aforementioned waste  
oil, thereby salvaging oil which would otherwise be wasted.
- (4) That the subject application should be approved as  
being in the best interest of conservation.

IT IS THEREFORE ORDERED:

- (1) That the applicant, Gandy Construction, is hereby  
authorized to install and operate an oil treating plant,  
utilizing heat, solvents, and chemicals, in the SE/4 of Section 11,  
Township 10 South, Range 35 East, NMPM, Lea County, New Mexico,  
for the purpose of treating and reclaiming sediment oil to be  
obtained from tank bottoms and waste pits;

-2-

Case No. 5012  
Order No. R-4594

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;

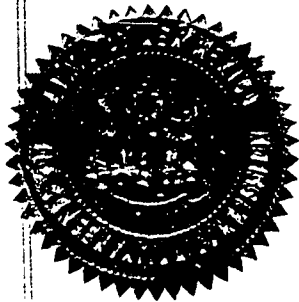
PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Commission a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations, and orders of the Oil Conservation Commission.

(2) That the operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the tract upon which the plant is located.

(3) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*I. R. Trujillo*  
I. R. TRUJILLO, Chairman

*Alex J. ArmiJO*  
ALEX J. ARMIJO, Member

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

S E A L

dr/