

Case. Number.

4449

Application,
Transcripts.

Sm all Exhibts.

ETC.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMAS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
Santa Fe, New Mexico

October 28, 1970

IN THE MATTER OF:

Application of Petro-Thermo Corporation
for authority to operate an oil treating
plant, Lea County, New Mexico.

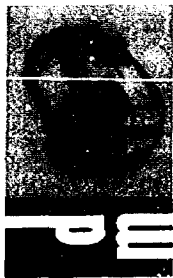
Case No. 4449

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

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MR. UTZ: Case 4449 will be taken at this time.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for the applicant. I have one witness I'd like to have sworn.

W. G. ABBOTT,

a witness, having been first duly sworn according to law, upon his oath, testified as follows:

(Whereupon, Applicant's Exhibits 1 through 3 were marked for identification.)

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name?

A My name is W. G. Abbott.

Q Where are you located?

A Hobbs, New Mexico.

Q Are you connected in any way with Petro-Thermo Corporation, the applicant in Case 4449?

A Yes. I am the President of Petro-Thermo Corporation.

Q Are you familiar with the application in this case?

A Yes, sir.

Q What is proposed by the applicant?

A We propose to put in an oil treating plant located west of Hobbs as shown on this Exhibit No. 1. The location of

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this proposed treating plant is shown by the arrow on the ownership plat.

Q Is that the Highway just to the south of that location?

A Yes, sir. It is just off the Hobbs-Carlsbad Highway, about ten miles west of Hobbs.

Q Do you have an access road into the location?

A Yes, sir. That is a county road that goes within six hundred feet of it.

Q Now, referring to what has been marked as Exhibit 2, will you identify that exhibit?

A Exhibit 2 shows the tract of land on which this proposed oil treating plant will be located.

Q Now, the tract of land actually is off the Highway some four hundred-thirty feet, is that correct?

A Yes, sir.

Q Do you have an easement going into that location?

A Yes. We have an easement across the State land.

Q Is there any other installation located on that tract of land?

A Yes, sir. Agway has their G1 waste water disposal system facility located on this same land.

Q Now, referring to what has been marked as Exhibit No. 3, would you identify that exhibit?

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A Exhibit No. 3 shows the plat of the Petro-Thermo treating plant that is located on this plat that is shown on Exhibit 2.

Q Would you explain the operation of your proposed treating plant?

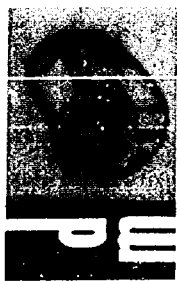
A Yes, sir. Agway operates a disposal system. They are tied into six wells; five of them operated by Continental and one operated by Amerada Hess and Agway disposes of the salt water from these tank batteries by pipe line through the disposal well shown on the right of this plat. Also with connection with their disposal well they operate the truck facilities so that the tank trucks bring salt water in. That is shown on the plat as the truck water inlet line and they unload the salt water through this line. This goes through a ten foot by a twenty foot gun barrel which separates the oil and water and the water goes to the right through the Agway disposal facility and into the disposal well. Petro-Thermo takes the oil which is shown on the oil storage tanks and we are recovering oil that, although it isn't very good quality, by setting up a treatment plant we feel that we can treat this oil and make a commerciable product.

Q How will the oil be treated?

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A Well, the oil will come through the gun barrel and it will, of course, bubble through the salt water that is in the gun barrel which more or less makes it -- cleans it. The iron sulphide will settle to the bottom and the oil will settle to the top and then it will be skimmed to the oil storage tanks and with additional heat treatment through the horizontal heating that we plan and possibly some chemical treatment we think we can treat the oil in order to sell pipe line oil.

Q Is that an efficient method in treating oil?

A Yes, sir. I believe it is.

Q Now, insofar as your testimony, you have referred only to oil that is being recovered from water that comes into the pipe line or hauled in by truck. Is this the only oil that would be recovered in this process?

A No. Petro-Thermo plans to get into the tank cleaning business and also to pick up oil from these waste pits that are located at the various oil field tank batteries and take this oil and BS and treat it in these treating facilities.

Q It will be treated in the same unit?

A Yes, sir.

Q The oil you recover from the water is exempt from any

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regulation of this nature, that is approval of a treatment plant?

A Yes, sir.

Q Under Rule 311, isn't that right?

A Right.

Q Now, are you familiar with the Commission's rules in regard to accounting for oil that is recovered in these treating plants?

A Yes, sir.

Q Now, as to the oil you would recover from tank bottoms or sediment oil, you will be able to account for this oil and report it back to the operators as required by Rule 311, I mean, 312?

A Yes. We'd have to report it back. Usually this is done by taking a shake out on the tank bottoms and estimating the commerciable oil and BS and that is reported back. It is reported to the Commission and also to the operators so that the oil can be shown on their C-115 and actually deducted from their allowable.

Q Now, you are aware that you will be required to post a bond, are you not?

A Yes, sir.

Q And are you prepared to do that?

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A Yes, sir.

Q Were Exhibits 1, 2 and 3 prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time I'd like to offer in evidence Exhibits 1, 2 and 3.

MR. UTZ: Without objection, Exhibits 1, 2 and 3 will be entered into the record of this case.

MR. KELLAHIN: That completes the case for the applicant, Mr. Examiner.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Abbott, is your salt water line this dashed line over on the right hand side, where the water comes into your disposal plant?

A Yes, sir. That is from the tank batteries that are located in the Goodwin Pool.

Q And all three of these redwood tanks are salt water storage tanks, is that right?

A Yes, sir.

Q What does the redwood gun barrel do?

A Well, that is an additional treatment so that if any oil comes over from our ten by twenty-eight foot gun

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barrel, that it will go through this redwood gun barrel and drain any oil there before it gets into our salt water tanks, in order to keep it out of the disposal well.

Q And the trapped oil will be returned to your processing?

A Yes.

Q The oil that you take in from trucks would go into your ten by twenty-eight gun barrel first?

A Yes, sir.

Q Now, how will you protect this area from possible fire hazard in the event you should get an oil fire in the tanks?

A We think that this installation is comparable to any oil field tank battery in the field and we don't plan any elaborate fire protection because we don't think there is any more hazard than an actual producing tank battery.

Q You don't plan to diagram your oil storage?

A No, sir.

MR. UTZ: Any other questions of the witness?

The witness may be excused.

Any statements?

The case will be taken under advisement.

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STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, PETER A. LUMIA, a Court Reporter in and for the County of Bernalillo, State of New Mexico do hereby certify that the foregoing and attached Transcript of 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.

Peter A. Lumia
Peter A. Lumia, C.S.R.

I do hereby certify that the foregoing is a true and correct record of the hearing of case No. 4449, heard by me on 6-28-78.
[Signature]
New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

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I N D E X

WITNESS:

PAGE:

W. G. ABBOTT

Direct Examination by Mr. Kellahin

2

Cross Examination by Mr. Utz

7

E X H I B I T S

APPLICANT'S

MARKED

OFFERED AND
ADMITTED

Nos. 1, 2 and 3

2

7



OIL CONSERVATION COMMISSION

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

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

November 10, 1970

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4449
Order No. R-4061
Applicant:
Petro-Thermo Corporation

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 _____

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. 4449
Order No. R-4061

APPLICATION OF PETRO-THERMO CORPORATION
FOR AUTHORITY TO OPERATE AN OIL TREATING
PLANT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 28, 1970, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of November, 1970, 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, Petro-Thermo Corporation, seeks authority to install and operate a water-bath and heat-treatment type oil treating plant in the SW/4 NW/4 of Section 31, Township 18 South, Range 37 East, NMPM, Lea County, New Mexico, for the reclamation of sediment oil.

(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.

-2-

CASE No. 4449
Order No. R-4061

IT IS THEREFORE ORDERED:

(1) That the applicant, Petro-Thermo Corporation, is hereby authorized to install and operate a water-bath and heat-treatment type oil treating plant in the SW/4 NW/4 of Section 31, Township 18 South, Range 37 East, NMPM, Lea County, New Mexico, for the reclamation of sediment oil;

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;

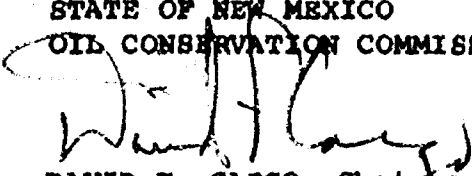
PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Commission a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations, and orders of the Oil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

(2) That the operators 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 1.8-acre tract upon which the plant is located.

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

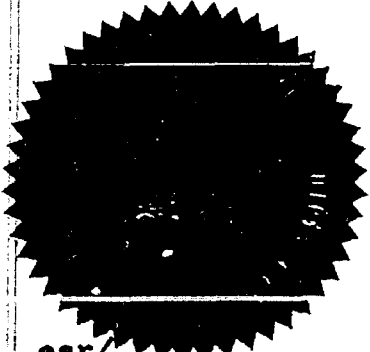
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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



esr/

Case 4449

Read 10-28-70

Rec. 11-3-70

Grant. Petro-Sermo Corp. permission
to build & operate an oil treating
plant to be located in the SW 1/4
31-18-37, Lea. Operator shall
obtain the prescribed bond and
shall conform to the safety
Regulations of Rules 114 & 110.

Hubert

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. 4342
Order No. R-3960

APPLICATION OF DEARING, WRIGHT, GIBBINS,
AND CHURCH, DOING BUSINESS AS NEW MEXICO
PETROLEUM COMPANY, FOR AUTHORITY TO OPER-
ATE AN OIL TREATING PLANT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 29, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 12th day of May, 1970, 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 applicants, Dearing, Wright, Gibbins, and
Church, doing business as New Mexico Petroleum Company, seek
authority to install and operate a chemical and heating process
oil treating plant in the SE/4 of Section 25, Township 11 South,
Range 33 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.

-2-

CASE No. 4342
Order No. R-3960

IT IS THEREFORE ORDERED:

(1) That the applicants, Dearing, Wright, Gibbins, and Church, doing business as New Mexico Petroleum Company, are hereby authorized to install and operate a chemical and heating process oil treating plant in the SE/4 of Section 25, Township 11 South, Range 33 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 operators of the above-described oil treating plant shall construct and maintain in proper repair a dike or firewall at least 24 inches in height and completely encircling all of the treating plant facilities and having a capacity at least one-third larger than the combined capacity of all of the enclosed tanks or vessels.

(3) That the operators 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 five-acre tract upon which the plant is located.

(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

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 28, 1970

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 4443: Application of Pan American Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the BS Mesa-Gallup and Basin-Dakota Gas Pools in the wellbores of its Jicarilla Apache 102 Wells Nos. 7, 9, 11, and 12, located respectively in Sections 3, 4, 10, and 9, Township 26 North, Range 4 West, Rio Arriba County, New Mexico. Applicant further seeks a procedure whereby other wells on said Jicarilla Apache 102 lease now dually completed in said pools may be approved administratively for downhole commingling.
- CASE 4444: Application of Tenneco Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the rules governing the Allison-Pennsylvanian Pool to permit the completion of an oil well at an unorthodox location 1830 feet from the North line and 660 feet from the West line of Section 10, Township 9 South, Range 36 East, Lea County, New Mexico.
- CASE 4445: Application of Byron McKnight for an exception to Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order No. R-111-A. Applicant proposes to drill two exploratory wells in the NW/4 NW/4 of Section 35 and the NE/4 NE/4 of Section 34, both in Township 19 South, Range 33 East, Lea County, New Mexico, in such a manner as to eliminate the necessity of running the salt protection string required by said Order No. R-111-A, provided the production string would be cemented to the surface.
- CASE 4446: Application of Ford Chapman for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the open-hole interval from 2899 feet to 2905 feet in his Gulf Pipkin Federal Well No. 1 located 330 feet from the South line and 605 feet from the East line of Section 34, Township 26 South, Range 29 East, Pecos-Delaware Pool, Eddy County, New Mexico.

CASE 4447: Application of Morris R. Antweil for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his Allen Well No. 1 located in Unit J of Section 31, Township 22 South, Range 27 East, Eddy County, New Mexico, in such a manner as to permit the production of gas from the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools through parallel strings of tubing.

CASE 4173: Reopened - (Continued from the September 30, 1970 Examiner Hearing)

In the matter of Case 4173 being reopened pursuant to the provisions of Order No. R-3811-A, which order extended 80-acre spacing units and a limiting gas-oil ratio of 4000 cubic feet of gas per barrel of oil for the Hobbs-Drinkard Pool, Lea County, New Mexico, for a period of 90 days. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing, why the limiting gas-oil ratio should not revert to 2000 to one, and/or why all casinghead gas produced by wells in the pool should not be reinjected.

CASE 4448: Application of MWJ Producing Company for pool redelineation and the creation of a new pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of the Mescalero Permo-Pennsylvanian Pool by the deletion of all lands in Sections 28 and 33, Township 10 South, Range 32 East, Lea County, New Mexico, from said pool. Applicant further seeks the creation of a new pool for the production of oil from the Permo-Pennsylvanian formation for its Huber State Well No. 1 located in Unit K of said Section 33, and for the promulgation of special rules therefor including a provision for 160-acre spacing units and the assignment of 80-acre allowables.

CASE 4449: Application of Petro-Thermo Corporation for authority to operate an oil treating plant, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to install and operate a water-bath and heat-treatment type oil treating plant in the SW/4 NW/4 of Section 31, Township 18 South, Range 37 East, Lea County, New Mexico, for the reclamation of sediment oil.

CASE 4450: Application of Anderson Oil and Gas Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete the New Mexico State B. T. (Q) Well No. 1 located 660 feet from the South and East lines of Section 33, Township 11 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil through tubing from the Bagley-Pennsylvanian Pool and the disposal of produced salt water through tubing into the Devonian formation, Bagley-Siluro-Devonian Pool at a depth of approximately 11,075 feet.

CASE 4451: Application of Union Oil Company of California for a non-standard oil proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit comprising the SW/4 SE/4 of Section 17 and the NW/4 NE/4 of Section 20, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to a well to be drilled at a standard location in the SW/4 SE/4 of said Section 17.

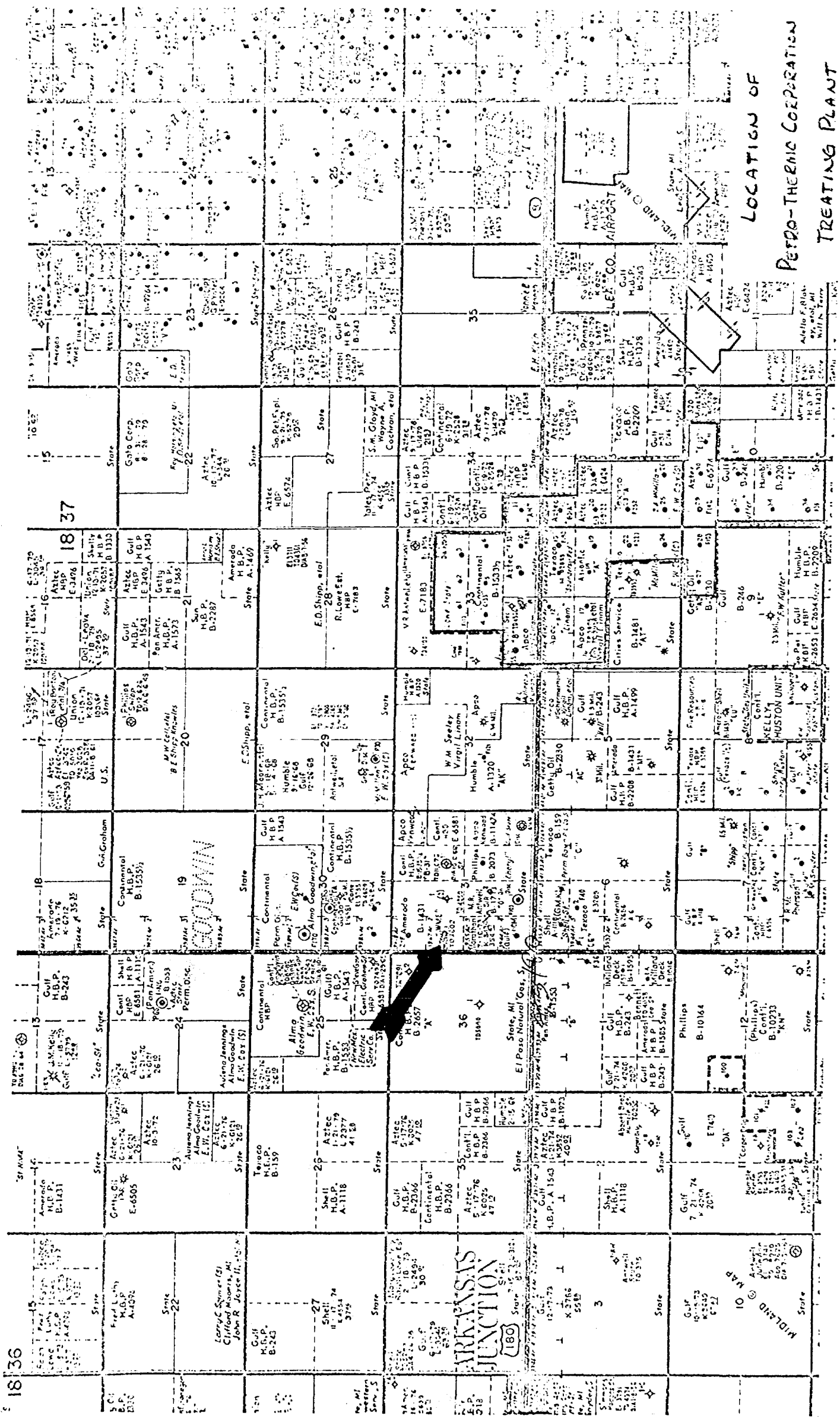
CASE 4423: Continued from the September 30, 1970 Examiner Hearing

Application of Union Oil Company of California for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the San Andres formation underlying the N/2 NE/4 of Section 20, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico. Said acreage to be dedicated to a well to be drilled at an orthodox location in the NW/4 NE/4 of said Section 20. Also to be considered will be the cost of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

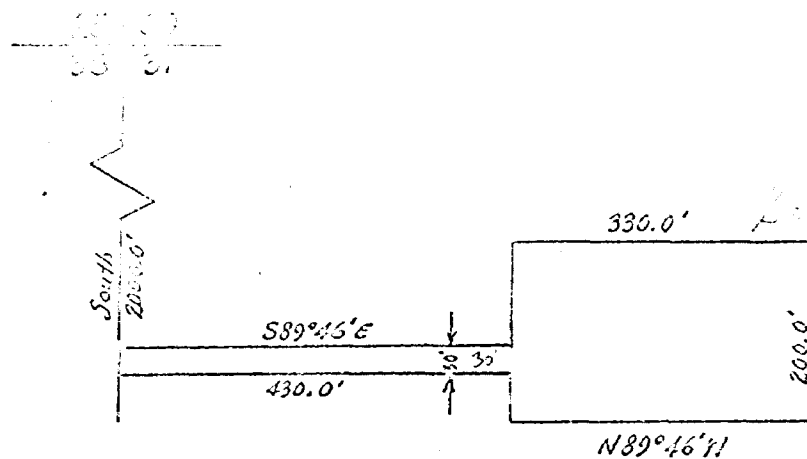
CASE 4434: (Continued from the September 30, 1970, Examiner Hearing)

Application of Union Oil Company of California for the creation of a new gas pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for its Pipeline Federal Well No. 1 located in Section 4, Township 19 South, Range 34 East, Lea County, New Mexico. Applicant further seeks the promulgation of special rules therefor, including a provision for 640-acre spacing and proration units and fixed well location requirements.

CASE 4452: Application of David C. Collier for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by injection into the Queen formation through 4 wells located in Sections 1 and 12 of Township 19 South, Range 29 East, and Section 6 of Township 19 South, Range 30 East, East Turkey Track-Queen Pool, Eddy, County, New Mexico.



LOCATION OF
PERMO-THERMO CORPORATION
TREATING PLANT



DESCRIPTION

A tract of land situated in and being a part of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 31, Township 18 South, Range 37 East, N.M.P.M., Lea County, New Mexico and more particularly described as follows, to wit:

Beginning at a point which lies South 2000.0 feet from the Northwest corner of said Section 31, Thence S89°46'E a distance of 430.0 feet. Thence North a distance of 120.0 feet, Thence S89°46'E a distance of 330.0 feet, Thence South a distance of 200.0 feet, Thence N89°46'W a distance of 330.0 feet, Thence North a distance of 50.0 feet, Thence N89°46'W a distance of 430.0 feet, Thence North a distance of 30.0 feet to the point of beginning, containing 1.611 Acres, more or less.

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 9449

LOCATION OF PROPOSED OIL TREATING PLANT
Section 31, T18S, R37E

DWG.			PETRO-THERMO CORPORATION	SCALE
NR.	10/2/70			1"=200'
			HOBBS, NEW MEXICO	DWG. NO.
				A-161

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PETRO-THERMO CORPORATION FOR
A PERMIT TO CONSTRUCT AN OIL
TREATING PLANT, LEA COUNTY, NEW
MEXICO.

Case 4449

A P P L I C A T I O N

Comes now Petro-Thermo Corporation and applies to the Oil Conservation Commission of New Mexico for a permit to construct an oil treating plant which will be designed and operated to efficiently process, treat and reclaim sediment oil.

The proposed oil treating plant will be located within the Permit for Right of Way and Easement No. RW-17054, the location of said land being shown on the plat attached hereto.

The proposed oil treating plant will be a water-bath heat-treatment type, the capacity of which will be as follows:

- 1 - 10' x 28' 350 bbl. gun barrel used as wash tank.
- 1 - 10' x 16' 200 bbl. gun barrel used as wash tank.
- 1 - 6' x 20' horizontal heater-treater w/500,000 BTU furnace, 40 B/H thruput, for final treatment.
- 3 - Hi 500 bbl. tanks for oil storage and treating.

The proposed oil treating plant will be operated in conjunction with the terminal facilities of the Goodwin Waste Water Disposal System. The Goodwin Waste Water System is owned and operated by AQUA, Inc., P. O. Box 1978, Hobbs, New Mexico, 88240.

WHEREFORE applicant prays that this matter be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as

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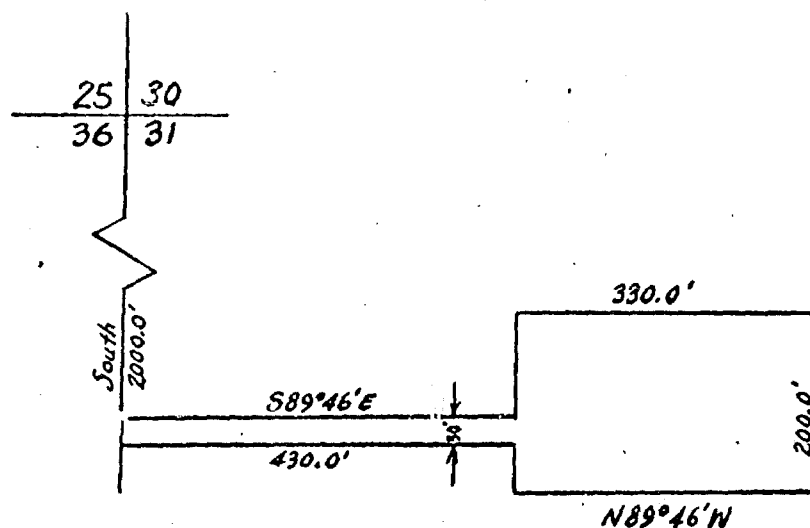
Date 10-14-70

required by law, the Commission enter its order granting
a permit as requested.

Respectfully submitted,
PETRO-THERMO CORPORATION

By Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico

Attorneys for Applicant



DESCRIPTION

A tract of land situated in and being a part of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 31, Township 18 South, Range 37 East, N.M.P.M., Lea County, New Mexico and more particularly described as follows, to wit:

Beginning at a point which lies South 2000.0 feet from the Northwest corner of said Section 31, Thence S89°46'E a distance of 430.0 feet. Thence North a distance of 120.0 feet, Thence S89°46'E a distance of 330.0 feet, Thence South a distance of 200.0 feet, Thence N89°46'W a distance of 330.0 feet, Thence North a distance of 50.0 feet, Thence N89°46'W a distance of 430.0 feet, Thence North a distance of 30.0 feet to the point of beginning, containing 1.811 Acres, more or less.

LOCATION OF PROPOSED OIL TREATING PLANT
Section 31, T18S, R37E

DWN.

JVR

10/2/70

PETRO-THERMO CORPORATION

HOBBS, NEW MEXICO

SCALE

1"=200'

DWG. NO.

A-161

DRAFT

GMH/esr

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:

RECORDS CENTER

CASE No. 4449

Order No. R- 4061

APPLICATION OF PETRO-THERMO CORPORATION
FOR AUTHORITY TO OPERATE AN OIL TREATING
PLANT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 28, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of November, 1970, 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, Petro-Thermo Corporation, seeks
authority to install and operate a water-bath and heat-treatment
type oil treating plant in the SW/4 NW/4 of Section 31, Township
18 South, Range 37 East, NMPM, Lea County, New Mexico, for the
reclamation of sediment oil.

(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, Petro-Thermo Corporation, is hereby authorized to install and operate a water-bath and heat-treatment type oil treating plant in the SW/4 NW/4 of Section 31, Township 18 South, Range 37 East, NMPM, Lea County, New Mexico, for the reclamation of sediment oil;

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 construct and maintain in proper repair a dike or firewall at least 24 inches in height and completely encircling all of the treating plant facilities and having a capacity at least one-third larger than the combined capacity of all of the enclosed tanks or vessels.~~

✓ ~~(2)~~(3) That the operators 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 1.8-acre tract upon which the plant is located.

~~(3)~~(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.

CASE 4450: Application of ANDERSON
OIL & GAS FOR A DUAL COMPLETION
AND SALT WATER DISPOSAL.