

Case Number  
4543

Application

Transcripts

Small Exhibits

ETC.



Oilwell 100 ft. from House  
Tank Battery 225 ft from House  
B. J. Hodges  
Loco Hills, N.M.  
Exhibit # 2

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
Tape 2 EXHIBIT NO. \_\_\_\_\_  
CASE NO. 454



Hot oil Unit 5-31-71  
B.G. Hodges  
Box 215 Foco Hills, N.M.  
Exhibit #8

BEFORE EXAMINER UTZ  
OIL CONSERVATION U. S. DEPT. OF THE INTERIOR  
Tentative EXHIBIT NO. 3  
CASE NO. 4342



Oil well 150' from Highway 5-31-71  
B. J. Hodges

Exhibit # 4

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
Tank 5-2-5 EXHIBIT NO. 4  
CASE NO. 4-5-3

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

June 2, 1971

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Tank Service Company for )  
authority to operate an oil treating )  
plant, Eddy County, New Mexico. )  
----- )

Case 4543

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS



1 MR. UTZ: Case 4543.

2 MR. HATCH: Application of Tank Service Company for  
3 authority to operate an oil treating plant, Eddy County, New  
4 Mexico.

5 (Witness sworn) (Exhibits 1 through 4 marked)

6 MR. UTZ: Are there other appearances in this case?  
7 Mr. Hodges, you are here representing yourself?

8 MR. HODGES: I am here representing Tank Service  
9 Company.

10 MR. UTZ: That is a company owned by yourself?

11 MR. HODGES: Corporation.

12 MR. HATCH: It is all right.

13 MR. UTZ: All right, you may proceed.

14 MR. HODGES: Well, I have posted bond, Tank  
15 Service Company has posted bond with the State Oil  
16 Conservation Commission as required in Rule 312 and request  
17 authority to operate this treating plant at this location, but  
18 at the same time, I would also like to request permission to  
19 move this treating plant to a more suitable location as  
20 soon as possible.

21 I have some exhibits showing that this property  
22 will not be in a restricted zone -- well, unless you need  
23 something else, I believe that is all I need to tell you.

24 MR. UTZ: You have some exhibits there that shows --

25 MR. HODGES: Showing the location and the distance

1 from property lines and other comparable pictures of same  
2 type deals as this will be.

3 MR. HATCH: Mr. Hodges, I wish you would go through,  
4 for the record, and give a description of the location where  
5 you seek to put this, the type of plant, the capacity of the  
6 plant.

7 MR. HODGES: The location of it will be in the  
8 southeast quarter of the southwest quarter of the northwest  
9 quarter of the southeast quarter of Section 21, Township 17,  
10 South, Range 30 East, Eddy County, New Mexico.

11 The type treating plant will be storage and hot  
12 water and chemical treatment. Capacity will be up to  
13 two barrels per month. Storage capacity, I am planning to  
14 have, to start with, 10,000 -- I mean, 1030 barrels storage  
15 besides treatment tanks.

16 MR. HATCH: Will you just be treating tank bottoms?  
17 What kind of material will this be used for?

18 MR. HODGES: Tank bottoms, pit oil and all types  
19 of waste oil.

20 MR. HATCH: You have some things here you would  
21 like to show the Examiner?

22 MR. HODGES: This is a drawing of how the plant will  
23 be set up with the heaters, and distance from property lines  
24 and so forth.

25 MR. HATCH: That is marked Exhibit No. 1?

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1 MR. HODGES: 1.

2 MR. HATCH: All right.

3 MR. HODGES: This is Exhibit No. 2 which shows

4 a comparable tank battery and stuff from property lines. That

5 would be in the same location.

6 MR. HATCH: This is a picture of your installation?

7 MR. HODGES: This is another installation, but it

8 would be comparable with the distance and property, you know,

9 in the location with my property.

10 MR. HATCH: All right, sir. That is marked

11 Exhibit No. 2.

12 MR. HODGES: This Exhibit No. 2 is my heat treat

13 unit on my hot oil unit which will be the same type heaters

14 which will be set at this place.

15 MR. HATCH: It will not be a mobile unit that you

16 are showing here?

17 MR. HODGES: No, but it is the same type heaters,

18 this --

19 MR. HATCH: That is marked Exhibit No. 3.

20 MR. HODGES: This also shows the -- that this

21 property is not in a zoned area.

22 MR. HATCH: That is marked Exhibit No. 4?

23 MR. HODGES: 4.

24 MR. HATCH: That is just your advertisement?

25 MR. HODGES: Yes, sir,

1 MR.HATCH: When you spoke of that type a moment  
2 ago, what type did you call that?

3 MR. HODGES: Treating?

4 MR. HATCH: Yes.

5 MR. HODGES: Well, it will be a water wash and  
6 chemical and heat. It is the same type. I might add,  
7 too, that I have made arrangements for all disposals of my  
8 waste waters.

9 MR. HATCH: Where will the waste water go?

10 MR. HODGES: It will be in a disposal well by either  
11 Franklin, Aston and Fair, or American Oil Company.

12 MR. HATCH: Don't you have any solid waste?

13 MR. HODGES: Well, some, I may have. I do not know  
14 how much. I do not know what I will do with that, cover it  
15 up, probably.

16 MR. UTZ: Is this location near city limits?

17 MR. HODGES: It is within the town limits, I suppose  
18 you would say, of Loco Hills.

19 MR. UTZ: Loco Hills?

20 MR. HODGES: Yes, it is the only available property  
21 at this time in that location.

22 MR. UTZ: On your Exhibit 1, I notice you have a  
23 dotted line from your pit to an oil pipe line. What does  
24 that represent?

25 MR. HODGES: That just represents the distance from

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PAGE 6

1 this pit to this property line.

2 MR. UTZ: 150 feet?

3 MR. HODGES: No, would be 270 feet.

4 MR. UTZ: Now, this heater that is shown on your  
5 Exhibit No. 1, is that Keeway heater?

6 MR. HODGES: Well, the one I actually intend to set  
7 there to start with, will be a Texsteen diesel burning heater,  
8 the same type as this.

9 It is built for a hot oil unit.

10 MR. UTZ: It won't be a butane heater?

11 MR. HODGES: Will be a diesel burner, diesel crude.

12 MR. UTZ: Are these incoming storage or process  
13 storage?

14 MR. HODGES: Part of them will be incoming and the --  
15 I will have one incoming storage tank and one sales tank and  
16 the rest will be just storage.

17 MR. UTZ: Settling storage?

18 MR. HODGES: It will go through the settling tank  
19 on the incoming and then settles over into the other storage  
20 tanks from there.

21 MR. UTZ: All right. You have an unlogged rack  
22 here and pipe to the first storage tank. These three storage  
23 tanks, will they all be incoming storage and settling  
24 tanks?

25 MR. HODGES: Yes, sir.

1 MR. UTZ: What size is each one of them?

2 MR. HODGES: That first incoming tank is 280 barrel.

3 MR. UTZ: 280?

4 MR. HODGES: Yes, sir.

5 MR. UTZ: Okay. What are the other two?

6 MR. HODGES: I will have three 250 barrels and then  
7 I plan to have a 400-barrel wash tank.

8 MR. UTZ: So, this fourth one here will be the  
9 400-barrel wash tank?

10 MR. HODGES: Yes, sir.

11 MR. UTZ: Now, will this be mounted on a truck  
12 at all times?

13 MR. HODGES: No, sir. I would like permission to  
14 use this -- to use that hot oil unit until I do get this  
15 other heater set and hooked up which I already have the  
16 heater, but I haven't gone to the -- you know, hooked it up or  
17 set it and piped it and so forth and so on.

18 MR. UTZ: So, this will be a permanent installation  
19 here --

20 MR. HODGES: Yes, sir.

21 MR. UTZ: -- until you find another site?

22 MR. HODGES: Until I find another site.

23 MR. HATCH: As far as moving a site later on, all  
24 you have to do is write and get an okay from the Commission,  
25 if you decide to move your plant at a different time. It does

1 not require a hearing.

2 MR. HODGES: One other thing, too, that I would  
3 like to inquire about is storage tanks, you know, for the  
4 oil company's convenience, other places other than Loco  
5 Hills. Would I, or, could I be allowed to set storage tanks  
6 in other locations?

7 MR. UTZ: I do not know whether I can answer that  
8 question or not. I do not know of anything against it.  
9 Would this be on your property or leased property or on --

10 MR. HODGES: Well, however we obtain it, you know,  
11 lease or purchase.

12 MR. UTZ: The purpose of these would be to truck the  
13 oil to these storage tanks for temporary storage?

14 MR. HODGES: Temporary storage, yes, more for the  
15 convenience of the companies, you know. In other words, it  
16 would be expensive for them to have to move this stuff if they  
17 had other people clean their tanks and so forth, and so on,  
18 they would have to have a storage place to keep this stuff until  
19 treated plants might pick it up.

20 MR. HATCH: Let us go off the record for a minute.  
21 (Whereupon, an off-the-record discussion was had.)

22 MR. UTZ: Back on the record. Are there any other  
23 questions of the witness? I believe you stated that your  
24 waste water would be disposed of in an injection well, salt  
25 water disposal well?



1 MR. HODGES: Salt water disposal well.

2 MR. UTZ: And your solid waste, you are going to  
3 dig pits, you say, and bury it in this vicinity?

4 MR. HODGES: Yes, sir, on this property, yes, sir.  
5 It does not mount up too fast, I mean, it does not build up  
6 too fast. In the past it has not.

7 MR. UTZ: Are there other questions of the witness?

8 MR. HATCH: I have none.

9 MR. UTZ: The witness may be excused. The case  
10 will be taken under advisement.

11 MR. HATCH: Would you like for these exhibits  
12 to be entered in the case; Exhibits 1 through 4?

13 MR. HODGES: If you --

14 MR. UTZ: Don't you want to enter them into the  
15 record?

16 MR. HODGES: If you think necessary.

17 MR. UTZ: I think it is.

18 MR. HODGES: All right, sir.

19 MR. UTZ: Exhibits 1 through 4 will be entered into  
20 the record of this case.

21 The case will be taken under advisement.

22 (Whereupon, Applicant's Exhibits 1 through 4 were  
23 entered into the record.)  
24  
25



dearnley-meier reporting service

1 STATE OF NEW MEXICO )  
2 COUNTY OF BERNALILLO)

3 I, Glenda Burks, Court Reporter, do hereby certify  
4 that the foregoing and attached transcript of hearing before  
5 the New Mexico Oil Conservation Commission was reported by  
6 me; and that the same is a true and correct record of the  
7 said proceedings to the best of my knowledge, skill and  
8 ability.

9  
10  
11 Glenda Burks  
12 Court Reporter  
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22 I do hereby certify that the foregoing is  
23 a complete record of the proceedings  
24 the Examiner hearing of Case No. 4543  
25 heard by us on June 2, 1974  
Examiner  
New Mexico Oil Conservation Commission

dearnley-meier reporting service

1 MR. HODGES: Salt water disposal well.

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24  
25

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PAGE 10

	<u>E X H I B I T S</u>	
	Marked	Admitted
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3	Applicant's Exhibits 1	
4	through 4	2
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**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**

June 7, 1971

Mr. Bobby J. Hodges  
Tank Service Company  
Post Office Box 215  
Loco Hills, New Mexico 88255

Re: Case No. 4543  
Order No. R-4151  
Applicant:  
Tank Service Company

Dear Sir:

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.

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC           x            
 Artesia OCC           x            
 Aztec OCC                           

other

# TANK SERVICE COMPANY

BOBBY J. HODGES, OWNER

P. O. BOX 215

PHONE 677-3401

LOCO HILLS, NEW MEXICO 88255

HOT OILERS

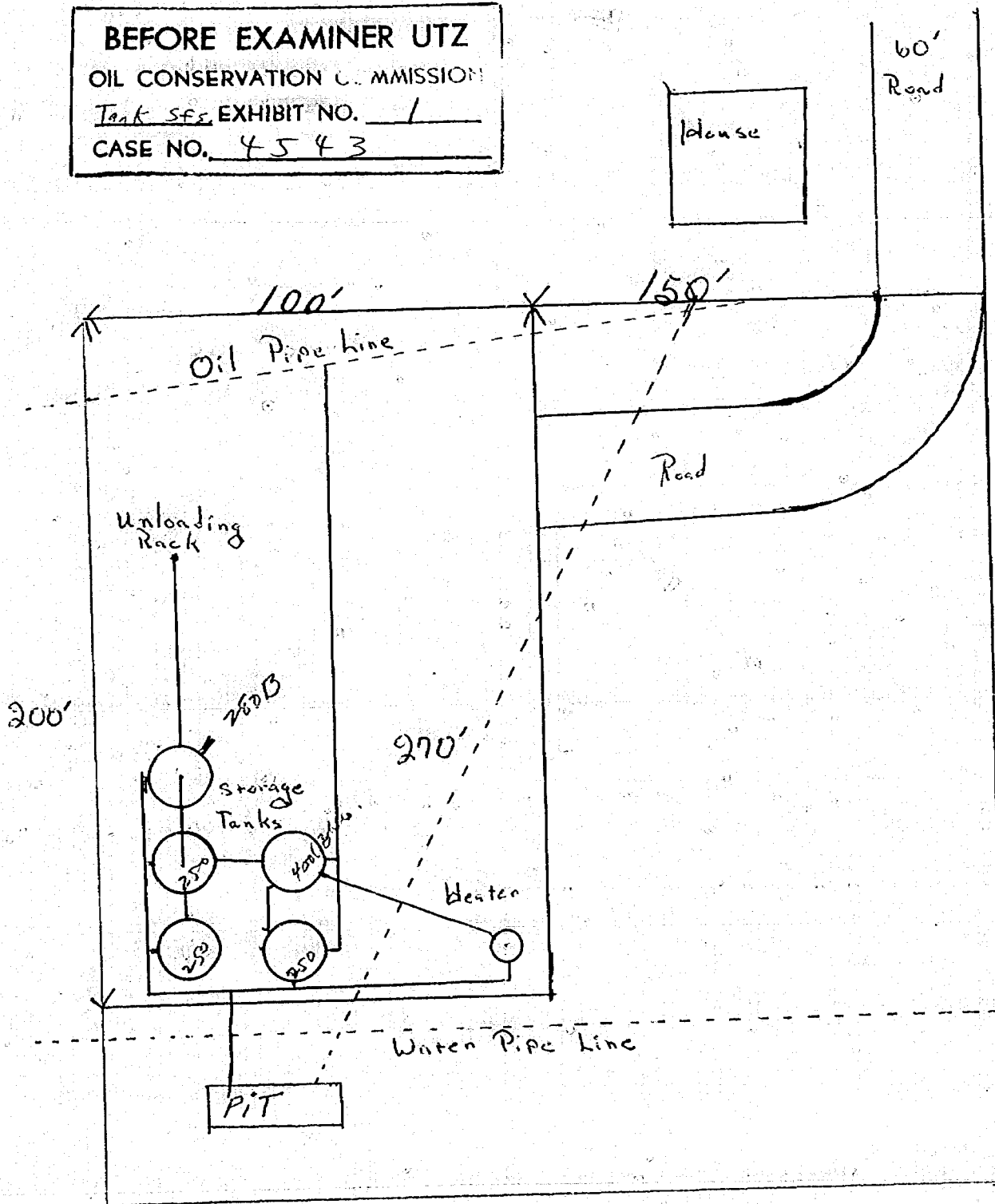
TANK TRUCKS

BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

Tank SFS EXHIBIT NO. 1

CASE NO. 4543



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. 4543  
Order No. R-4151

APPLICATION OF TANK SERVICE  
COMPANY FOR AUTHORITY TO  
OPERATE AN OIL TREATING PLANT,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 2, 1971,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 7th day of June, 1971, 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, Tank Service Company, seeks  
authority to install and operate a water-bath and heat-treatment  
type oil treating plant in the SE/4 SW/4 NW/4 SE/4 of Section 21,  
Township 17 South, Range 30 East, NMPM, Eddy 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. 4543

Order No. R-4151

IT IS THEREFORE ORDERED:

(1) That the applicant, Tank Service Company, is hereby authorized to install and operate a water-bath and heat-treatment type oil treating plant in the SE/4 SW/4 NW/4 SE/4 of Section 21, Township 17 South, Range 30 East, NMPM, Eddy 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.

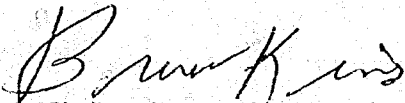
(3) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard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

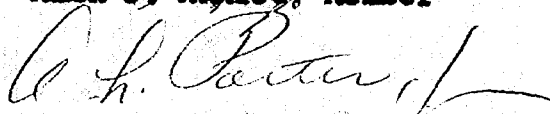
-3-  
CASE NO. 4543  
Order No. R-4151

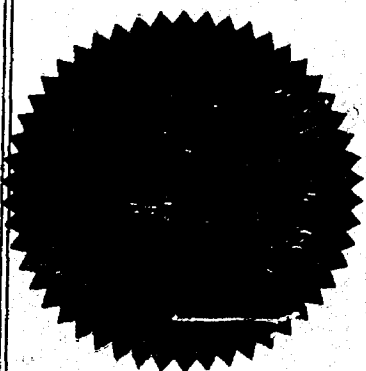
DONE at Santa Fe, New Mexico, on the day and year hereinabove  
designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
BRUCE KING, Chairman

  
ALEX J. ARRIJO, Member

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



dr/

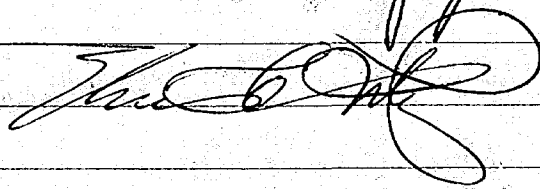


Case 4543

Grant Tank Service Co. permission  
to ~~use~~ <sup>waste</sup> oil treating a location  
to wit. ~~SE 1/4 SW 1/4~~ SE 1/4 SW 1/4 SE 1/4  
sec. 21 - T7S - R30E. Tully Co.

Water from plant shall be  
disposed of in a nearby SWP  
well.

Give administrative authority  
to ~~remove~~ move plant site &  
to ~~commission~~ approved location.



4061

Examiner Hearing

June 2, 1971

-2-

Docket No. 11-71

- CASE 4544: Application of Rijan Oil Company, Inc., for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Dakota formation in the open-hole interval from 886 feet to 909 feet in its Rijan Well No. 15 located in Unit F of Section 31, Township 30 North, Range 16 West, Slick Rock-Dakota Pool, San Juan County, New Mexico.
- CASE 4545: Application of Shiprock Corporation for a waterflood project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Shiprock-Gallup Pool by the injection of water into the Gallup formation through 5 wells located in Section 17, Township 29 North, Range 18 West, San Juan County, New Mexico.
- CASE 4546: Application of Mobil Oil Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Langlie Mattix Queen Unit Well No. 39 as a producing oil well at an unorthodox location 900 feet from the South line and 215 feet from the East line of Section 15, Township 25 South, Range 37 East, Langlie Mattix Pool, Lea County, New Mexico, as an infill well in its Langlie Mattix Queen Unit Area.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 2, 19719 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 4528: (Continued from the April 28, 1971, Examiner Hearing)  
Application of Franklin, Aston & Fair, Inc., for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose of water produced by its Coppedge Well No. 1-C located in Unit H of Section 5, Township 18 South, Range 30 East, Loco Hills-Grayburg-San Andres Pool, Eddy County, New Mexico, in an unlined pit in the vicinity of said well.
- CASE 4538: (Continued from the May 19, 1971, Examiner Hearing)  
Application of Jack F. Grimm Oil Company for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104-C I of the Commission Rules and Regulations to drill a well at an unorthodox location 880 feet from the South line and 1500 feet from the West line of Section 20, Township 11 South, Range 29 East, White Ranch Siluro-Devonian Pool, Chaves County, New Mexico.
- CASE 4541: (Continued from the May 19, 1971, Examiner Hearing)  
Application of Tenneco Oil Company for gas injection, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject casinghead gas produced by certain wells located in the Lone Pine-Dakota "D" Pool, McKinley County, New Mexico, into the Dakota A zone through perforations from 2547 feet to 2562 feet in its Santa Fe Pacific Railroad Well No. 2 located in the NW/4 SW/4 of Section 13, Township 17 North, Range 9 West, South Hospah Field. The gas is to be injected for storage purposes awaiting the institution of a pressure maintenance project in the Lone Pine-Dakota "D" Pool.
- CASE 4543: Application of Tank Service Company for authority to operate an oil treating plant, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to install and operate a heat-treatment type oil treating plant in the SE/4 SW/4 NW/4 SE/4 of Section 21, Township 17 South, Range 30 East, Eddy County, New Mexico, for the reclamation of sediment oil.

A. J. LOSEE  
JOEL M. CARSON

LAW OFFICES  
**LOSEE & CARSON**  
300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88210

4 May 1971

**RECEIVED**

MAY 5-1971

OIL CONSERVATION COM.

AREA CODE 505  
746-3508

State of New Mexico  
Oil Conservation Commission  
Santa Fe, New Mexico

*Case 45-43*

ATTENTION: Mr. Pete Porter

RE: Tank Service Co.

Dear Mr. Porter:

I am enclosing herewith the application of Tank Service Co.  
for a treating plant permit in triplicate originals,  
together with a \$10,000.00 Treating Plant Bond for your  
consideration and further handling.

Yours truly,

LOSEE & CARSON

*Joel M. Carson*

Joel M. Carson

JMC/gmr

Enc.

**DOCKET MAILED**

Date 5-20-71

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
Wednesday, July 11, 1973

EXAMINER HEARING

IN THE MATTER OF:

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

Case Number 5012

BEFORE: Daniel S. Nutter  
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87102

1 MR. NUTTER: We will call next Case 5012.  
2  
3 MR. CARR: Case 5012, application of Gandy  
4 Construction for an oil treating plant permit, Lea County,  
5 New Mexico.

6 MR. MORRIS: Mr. Examiner, I am Dick Morris of  
7 Montgomery, Federici, Andrews, Hannahs & Morris, Santa Fe,  
8 appearing on behalf of the applicant. We will have one  
9 witness, Mr. M.C. Gandy; and I'll ask that he be sworn.

10 M.C. GANDY,  
11 was called as a witness, and after being duly sworn according  
12 to law, testified as follows:

13 MR. NUTTER: Are there any other appearances in  
14 Case 5012?

15 MR. WITT: Boston Witt, Standley, Witt & Quinn, Santa  
16 Fe, for C.D. Gibbons, doing business as New Mexico  
17 Petroleum Company.

DIRECT EXAMINATION

18 BY MR. MORRIS:

19 Q Mr. Gandy, please state your name and where you reside.  
20 A I am M.C. Gandy, and I am residing at Tatum, New Mexico

21 with Gandy Construction, I mean, Lovington.  
22 Q Is Gandy Construction a partnership?

23 A Yes.

24 Q And who are the members of the partnership?  
25 A M.C. and Dale.

1 Q All right. What is the general nature of the business of  
2 Gandy Construction Company at the present time?

3 A We have vacuum trucks. We have roustabout construction;  
4 and we have air compressors, welders, hot oilers; and  
5 we work in the oil industry in Lea County.

6 Q So at the present time you provide numerous services,  
7 oil-field services in Lea County?

8 A Yes.

9 Q What area of Lea County particularly do you operate in?

10 A Lovington, north.

11 Q Mr. Gandy, you have mentioned that you presently have some  
12 vacuum trucks. How many of these trucks do you have?

13 A We have three 70-barrel vacuum trucks.

14 Q What are these trucks used for at the present time?

15 A These trucks are being used for such things as spills,  
16 cleaning tanks and pits. In other words, they are used  
17 where you cannot use another pump.

18 Q Okay. Now, are you presently engaged in connection with  
19 these trucks in, I think you said, cleaning tanks and  
20 cleaning up pits and this sort of thing?

21 A Yes, sir.

22 Q In this connection, do you occasionally pick up oil that  
23 is considered merchant?

24 A Yes, we sure do.

25 Q All right.



- 1 A But it is put back in their stock tanks.
- 2 Q You put that back in whose stock tanks?
- 3 A Well, whoever the customer might be.
- 4 Q All right. The operator?
- 5 A Right, the operator.
- 6 Q The lease operator. Do you normally in connection with
- 7 your present occupation pick up oil from which
- 8 merchantable oil can be or has been derived?
- 9 A No.
- 10 Q What is done with the material that you pick up from these
- 11 tanks and pits at the present time?
- 12 A We have a disposal which this BS, basic sediments, has
- 13 been placed in.
- 14 Q What kind of disposal is this?
- 15 A It's a caliche pit.
- 16 Q Under your application here, you have applied to the
- 17 Commission for an oil-treating plant permit; and reading
- 18 from the docket, you seek authority for the construction
- 19 and operation of an oil-treating plant for the purpose
- 20 of treating and reclaiming sediment oil at a sight in
- 21 the Southeast quarter of Section 11 or the Southwest
- 22 quarter of Section 12, Township 10 South, Range 35 East,
- 23 Lea County, New Mexico; is that right?
- 24 A That is correct.
- 25 Q Right. Now, does this permit that you seek represent



1 a new aspect of your business of Gandy Construction  
2 Company?

3 A Yes, sir.

4 Q What do you plan to do now? What type of facility do you  
5 intend to install?

6 A We intend to install a four-by-twenty-four heat treater,  
7 one 100-barrel tank, two 500-barrel tanks, and one  
8 300-barrel tank.

9 MR. NUTTER: One 100-barrel tank?

10 THE WITNESS: One 100-barrel tank, two 500-barrel  
11 tanks, one 300-barrel tank.

12 MR. NUTTER: And a four-by-twenty-four heat treater?

13 THE WITNESS: Right.

14 Q Now, how do you propose to operate? How will these  
15 facilities be used under your proposed operation?

16 A Those facilities will be used in the event that we should  
17 pick up any merchantable oil. Then it would be run  
18 through this process and sold.

19 Q All right. Now, please describe the procedure that you  
20 would use in connection with forms that would be filled  
21 out, notification that would be made to the Oil  
22 Commission in connection with these operations?

23 A Okay. We have Form C-104 which replaces the old C-104  
24 and C-110, and we have a C-104 and C-112 which is your  
25 monthly report.

1 Q Now, before sediment oil would be removed from a lease,  
2 would you notify the district office of the Commission?

3 A Yes.

4 Q And what forms would be filed in connection with that?

5 A C-104.

6 Q Do you also need to file a Form C-117?

7 A Yes, sir.

8 Q And when you pick this material up, at least, is any test  
9 made on that material at that time to determine how much  
10 sediment oil it would contain?

11 A Yes, sir.

12 Q What kind of a test is that?

13 A Ordinarily through a centrifuge machine which is commonly  
14 known as a shake-out machine.

15 Q Do you perform that on your own or is there anyone else  
16 present at the time?

17 A Usually, there is somebody else present.

18 Q A representative of the operator?

19 A Yes, sir.

20 Q Would you furnish any written evidence to the operator at  
21 that time showing how much of the material picked up was  
22 recoverable oil?

23 A Yes, sir.

24 Q So he would have a record at that time and you'd have a  
25 record?

1 A Yes, sir.

2 Q These facilities that you have referred to, now, what is  
3 the capacity of those facilities?

4 A Well, the capacity of this facility, its peak capacity,  
5 would be 200 barrels per day.

6 Q Yes. Do you expect to be able to operate at that capacity?

7 A No.

8 Q Do you have any estimate as to the amount of oil that you  
9 expect to process through these facilities?

10 A I would say from 200 to 300 barrels per month, which is  
11 an estimate only.

12 Q On this material that you have been picking up in the  
13 past, has any of that been processed into merchantable  
14 oil?

15 A No, sir.

16 Q What do you intend to do with that material?

17 A So far as we know right now, there will be nothing done  
18 with it.

19 MR. NUTTER: You mean the stuff that has been picked  
20 up in the past?

21 THE WITNESS: Yes, sir.

22 MR. NUTTER: It's been disposed of?

23 THE WITNESS: It's been disposed of, yes.

24 MR. NUTTER: No possibility of making any usable  
25 product out of it?

1 THE WITNESS: Not that we know of right now.

2 MR. NUTTER: Okay.

3 Q (By Mr. Morris) Are you prepared, Mr. Gandy, to make the  
4 filing with the Commission of the performance bond that  
5 is required under the Commission's rules and regulations?

6 A I am.

7 MR. MORRIS: Those are all the questions we have on  
8 Direct Examination.

9 CROSS-EXAMINATION

10 BY MR. NUTTER:

11 Q Mr. Gandy, do you propose to use anything other than heat  
12 for the treatment of this oil, or will it be treated with  
13 chemicals, also?

14 A Sir, it would be treated with chemicals and possibly drip  
15 gas lines.

16 Q I see, as a solvent?

17 A Right.

18 Q So you would expect to use chemicals, solvent and heat?

19 A Right.

20 Q Now, what would be the source of fuel for your heat treater?

21 A Butane.

22 Q Butane. Do you already have the sight picked out for this  
23 proposed plant, Mr. Gandy?

24 A I do.

25 Q Is it in an area that would be safe from constituting a

1 out in that pit?

2 A It would be a very rough estimate, and I would say somewhere  
3 between, well, say, between 4,000 and 7,000 barrels.

4 Q And it is your testimony that you will not and do not  
5 intend to take any of that material and run it through  
6 your plant to try to --

7 A That is in our plans.

8 MR. WITT: I have no further questions.

9 CROSS-EXAMINATION

10 BY MR. NUTTER:

11 Q You mean you have already placed 4,000 to 7,000 barrels  
12 in that?

13 A Yes, sir. We have been putting that in there, Your Honor,  
14 which is only basic sediments; and there is no salt water.  
15 The only water in there would be rain water, and there  
16 has been no water placed in it. The Commission is aware  
17 of this. They have made regular inspections of that as  
18 of the 8th of this month.

19 Q I see. What is the appearance of the substance as it  
20 lays there in the pit?

21 A It lays there; and when it cools off at night, a rabbit  
22 can run across it.

23 Q It is in pretty much of a solid state then.

24 A Yes, sir. It surely is.

25 Q So there is not much of a possibility of reclaiming any of

1 it?

2 A There would be a very poor possibility of regaining any  
3 fluids from that in way of oil.

4 Q What about asphalt or something else?

5 A Yes, if there were some way to do it into asphalt, yes.

6 MR. NUTTER: Are there any other questions of the  
7 witness? He may be excused. Do you have anything  
8 further, Mr. Morris?

9 MR. MORRIS: No.

10 MR. NUTTER: Do you have anything?

11 MR. WITT: We have no evidence to present. I'd like  
12 to make a statement, however. We are quite aware that  
13 these permits do not amount to certificates of public  
14 convenience and necessity as some other administrative  
15 agency.

16 To that extent, perhaps a competitor complaint would  
17 in and of itself not be valid. However, we think that  
18 the Examiner and the Commission in exercising its  
19 judgment to issue these permits, we think it is relevant  
20 for them to consider if instead other efficiently operating  
21 and economic facilities are in the area to service it.

22 Mr. Gibbons does operate a plant in the Southeast  
23 quarter of Section 25 in Township 11 South, Range 33 East,  
24 and has for some period of time under the Commission's  
25 Permit R-3960.

dearnley, meier &amp; associates

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1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

1 We think it is relevant because if the Commission is  
2 to continue to issue permits to any number of people who  
3 come before it seeking them, they are going to reach the  
4 point where there is not a sufficient amount of oil  
5 available so they may all operate economically.

6 At that point, I think there is instead a great  
7 danger that there will be poor conservation practices and  
8 that waste will be involved when you have all of the  
9 people in that business involved in a poor economic  
10 situation.

11 So we think that is a consideration for the judgment  
12 of the Commission; and we would ask in considering whether  
13 there is an ample supply of oil to consider to handle  
14 any new permits in the area, we would ask that the Examiner  
15 take note of the C-118 forms which New Mexico Petroleum  
16 Company has filed this year.

17 They are a matter of record with the Commission, and  
18 I think it will indicate a continual decline in the amount  
19 of sediment oil available for this type of operation.

20 MR. NUTTER: Now, Gibbons is under the name of  
21 New Mexico Petroleum?

22 MR. WITT: Yes, the New Mexico Petroleum Company.

23 MR. NUTTER: Any reply, Mr. Morris?

24 MR. MORRIS: Very briefly, Mr. Examiner, some of  
25 Mr. Witt's points might be very well taken as to obviously

1 there is a limit, economic limit as to how many operators  
2 can become involved in this type of activity. However,  
3 as pointed out, I am not at all sure that that's a  
4 matter that this Commission is concerned with or should  
5 be concerned with.

6 However, in this particular case, it is not  
7 applicable, because Gandy Construction Company, as  
8 pointed out by Mr. Gandy, has a substantial business  
9 interest in the oil-field activities. This fits in with  
10 the other business activities that they have.

11 So even giving Mr. Witt's points a full consideration,  
12 we certainly would not think that this would be the case  
13 where the Commission should draw the line. The fact that  
14 Mr. Gandy already has the trucks and has substantial  
15 investment in and of itself is a factor that would  
16 distinguish this case from some new application that may  
17 come before the Commission at a later time.

18 MR. NUTTER: Thank you. Are there any further  
19 statements in Case Number 5012? We will take the case  
20 under advisement, and the Hearing is adjourned.

21 (Whereupon, the Hearing was adjourned.)

22 \* \* \* \* \*

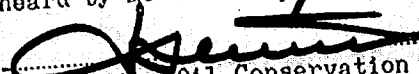


1 STATE OF NEW MEXICO )  
 2 ) ss.  
 3 COUNTY OF BERNALILLO )

4 I, JANET RUSSELL, a Certified Shorthand Reporter, in  
 5 and for the County of Bernalillo, State of New Mexico, do  
 6 hereby certify that the foregoing and attached Transcript of  
 7 Hearing before the New Mexico Oil Conservation Commission was  
 8 reported by me; and that the same is a true and correct  
 9 record of said proceedings to the best of my knowledge, skill  
 10 and ability.

11   
 12 CERTIFIED SHORTHAND REPORTER

13  
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 21  
 22 I do hereby certify that the foregoing is  
 23 a complete record of the proceedings in  
 24 the Examiner hearing of Case No. 5012  
 25 heard by me on 7/11, 1923

  
 Examiner  
 New Mexico Oil Conservation Commission

dearnley, meier & associates

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Before The  
OIL CONSERVATION COMMISSION  
Of The  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICA- )  
TION OF TANK SERVICE CO. FOR )  
A TREATING PLANT PERMIT )

No. 45-43

COMES NOW Tank Service Co., by and through its president, B. J. Hodges, and states:

1. That Tank Service Co. is a New Mexico corporation with its principal place of business at Loco Hills, New Mexico.

2. That this application is made pursuant to the provisions of Rule 312 of the rules and regulations of the New Mexico Oil Conservation Commission.

3. That the proposed location of the treating plant is the South 211 feet of the SE/4 SW/4 NW/4 SE/4 of Section 21, Township 17 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

4. Type and capacity of the plant is as follows:

a) 1030 barrels of storage.

b) 45,000,000 BTU per hour portable butane gas Keway Heater with horizontal coil heating unit, truck mounted with a heating capacity of 2 barrels per minute.

c) The efficiency of this proposed plant is 60% oil, 10% water and 30% solids. The method used in treating the oil would be to place product to be treated in a settling tank, then transfer the product through the Keway Heater, then into separate storage where the product is allowed to settle for a period of time and then the processed product is transmitted into a pipeline.

d) The capacity of this plant is dependent upon the amount of incoming product.

WHEREFORE, applicant prays the orders of the Commission as follows:

A. That this matter be set for hearing before an examiner duly appointed by the Commission, and that due notice thereof be given as required by law.

B. That after such hearing an order be entered granting applicant a treating plant permit.

C. And for such other and further relief as may be just in the premises.

TANK SERVICE CO.

By

B. J. Hodges  
B. J. Hodges, President

LOSEE & CARSON

By Ed M. Carson  
P. O. Drawer 239  
Artesia, New Mexico  
Attorneys for Applicant

DRAFT

GMH/dr

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. 4543

Order No. R- 4151

APPLICATION OF TANK SERVICE  
COMPANY FOR AUTHORITY TO  
OPERATE AN OIL TREATING PLANT,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 2, 1971,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this        day of June, 1971, 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, Tank Service Company, seeks authority  
to install and operate a water-bath and heat-treatment type oil  
treating plant in the SE/4 SW/4 NW/4 SE/4 of Section 21, Township  
17 South, Range 30 East, NMPM, Eddy County, New Mexico, for the  
reclamation of sediment oil to be obtained from tank bottoms and  
waste pits.

-2-

CASE NO. 4543

Order No.

(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, Tank Service Company, is hereby authorized to install and operate a water-bath and heat-treatment type oil treating plant in the SE/4 SW/4 NW/4 SE/4 of Section 21, Township 17 South, Range 30 East, NMPM, Eddy 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-

CASE NO. 4543

Order No.

(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.