

CASE 7315: RHEMA OIL PROCESSING FOR AN
OIL TREATING PLANT PERMIT, LEA COUNTY,
NEW MEXICO

Case No.

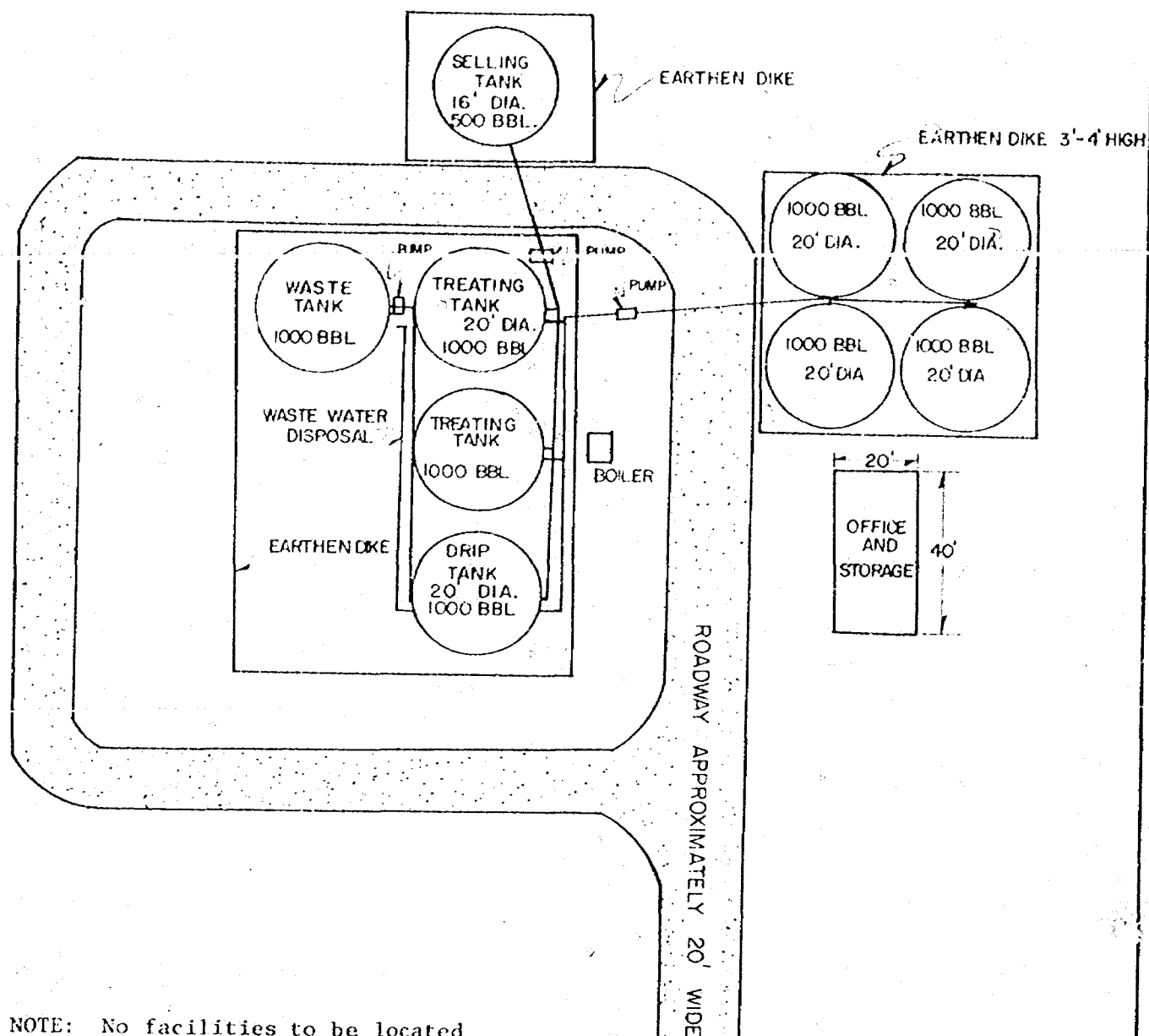
7315

Application

Transcripts

Small Exhibits

ETC



NOTE: No facilities to be located within 100 feet of property line.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
Rhema EXHIBIT NO. 1
CASE NO. 7315
Submitted by 1
Hearing Date _____

I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

JOHN W. WEST	N.M.	P.E. & L.S.	NO. 676
	TEXAS	R.P.S.	NO. 1138
PARICK A. ROMERO	N.M.	L.S.	NO. 6808
	TEXAS	R.P.S.	NO. 2100
RONALD J. EIDSON	N.M.	L.S.	NO. 3238
	TEXAS	R.P.S.	NO. 1883

RIHEMA

JOHN W. WEST ENGINEERING COMPANY
CONSULTING ENGINEERS
HOBBS, NEW MEXICO

Scale: _____ Date: 6/27/81

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Sheet 1 of 1 Sheets



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

September 16, 1981

Rhema Oil Processing
c/o Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico 87501

Re: Case 7315
Order No. R-6766

Dear Mr. Kellahin:

Under the provisions of Order (5) of Division Order No. R-6766 Rhema Oil Processing is hereby authorized to expand the surface area of the treating plant site authorized by said order to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 14: SW/4 NE/4 NW/4 and
SE/4 NW/4 NW/4

Expansion of the site to 20 acres does not authorize the addition of any surface facilities, change in the treatment processes, or increased throughput. All provisions of Division Order No. R-6766 continue to apply to the expanded facility.

Yours very truly,

JOE D. RAMEY
Director

JDR/RLS/fd

cc: OCD Hobbs
✓Case File

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

September 8, 1981

Mr. Joe D. Ramey
Director
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Rhema Oil Processing

Dear Mr. Ramey:

Our firm represents Rhema Oil Processing. On August 28, 1981, the Division in Case 7315 entered Order R-6766 which approves an oil treating plant permit for SW/4NE/4NW/4 of Section 14, T20S, R38E, NMPM, Lea County, New Mexico.

That order also provided for the administrative approval by the Director of the Division for modification of the grant of authority.

In commencing construction of the plant pursuant to the above referenced order, we have discovered that the plant will also be located on the SE/4NW/4NW/4 of said Section 14, the 10 acre tract immediately adjoining the above approved location. Enclosed is a plat showing the entire 20 acres all of which is fee acreage owned by Rhema Oil Processing.

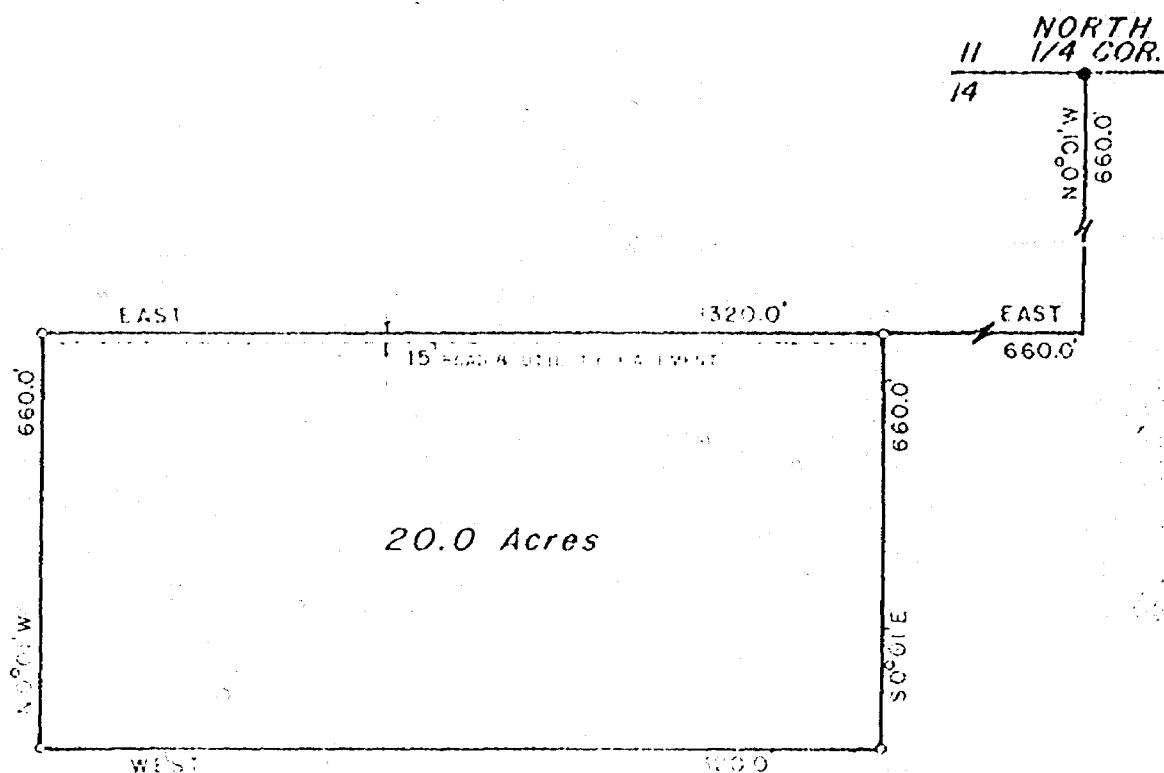
Accordingly, Rhema Oil Processing hereby respectfully requests that the Director enter an order approving the inclusion of the SE/4NW/4NW/4 of Section 14, T20S, R38E, Lea County, New Mexico in the above referenced order.

Very truly yours,


W. Thomas Kellahin

WTK:jm
Enclosure

cc: Mr. Kerry Evans



LEGAL DESCRIPTION

A Tract of Land Located within the Northeast Quarter of Section 14, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, being more particularly described as follows:

Beginning at the Northeast Corner of the hereinafter described Tract of Land and from which point the North Quarter Corner of said Section 14 bears East 660.0 feet; and N0°01'W 660.0 feet;

Thence S0°01'E 660.0 feet; Thence West 1320.0 feet; Thence N0°01'W 660.0 feet; Thence East 1320.0 feet to the point of beginning and containing 20.0 Acres, more or less.

I HEREBY CERTIFY THAT THE PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD ON A BCNA FIELD SURVEY MADE UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF

JOHN W. WEST
 PARICK A. POWERS
 RONALD J. BURTON

NORTH	
A Tract of Land located within the NE ₁ of Section 14, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico.	
JOHN W. WEST ENGINEERING COMPANY ENGINEERS HOBBS, NEW MEXICO	
Scale 1" = 300'	Drawn by: M.G.B.
Date: 1/1/63	Sheet 1 of 1 Sheets

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7315
Order No. R-6766

APPLICATION OF RHEMA OIL PROCESSING
FOR AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 26, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of August, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Rhema Oil Processing, seeks authority to construct and operate a chemical and heat-treatment type oil treating plant in the SW/4 NE/4 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, for the processing of approximately 1,000 barrels per day of raw material from tank bottoms, disposal water, and waste pits.
- (3) That dikes, dams and/or emergency pits should be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location in order that sediment oil, reclaimed oil, or waste oil cannot escape from the immediate vicinity of such plant.
- (4) 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.

-2-

Case No. 7315
Order No. R-6766

(5) That the Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Rhema Oil Processing, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the SW/4 NE/4 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms, waste pits and disposal water.

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 Division;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of 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 Division.

(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 site upon which the plant is located.

(3) That dikes, dams and/or emergency pits shall be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location and capable of preventing the escape of any sediment oil, reclaimed oil, or waste oil from the immediate vicinity of said plant.

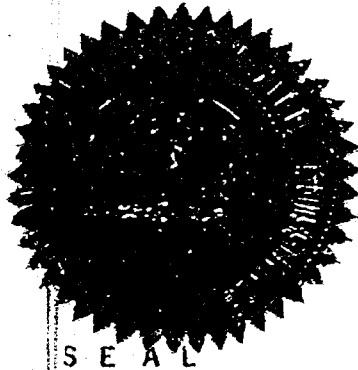
(4) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard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

-3-
Case No. 7315
Order No. R-6766

(5) That the Director of the Division may administratively grant authority for the expansion or modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rules and Regulations.

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

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/



STATE OF NEW MEXICO

August 28, 1981

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

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

Re: CASE NO. 7315
ORDER NO. R-6766

Applicant:

Rhema Oil Processing

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	x
Artesia OCD	x
Aztec OCD	

Other

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
26 August 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Rhema Oil Processing
for an oil treating plant permit,
Lea County, New Mexico.

CASE
7315

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

KERRY L. EVANS

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Stamets 9

E X H I B I T S

Applicant Exhibit One, Diagram 4

MR. STAMETS: Call next Case 7315.

MR. PEARCE: Application of Rhema Oil
Processing for an oil treatment plant permit, Lea County, New
Mexico.

MR. KELLAHIN: I'm Tom Kellahin of Santa
Fe, New Mexico, appearing on behalf of the applicant, and I
have one witness to be sworn.

(Witness sworn.)

KERRY L. EVANS

being called as a witness and being duly sworn upon his oath,
testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Evans, would you please state your
name and occupation?

A Kerry L. Evans, President, Rhema Drilling
Fluids, Incorporated, Owner, Rhema Oil Processing.

MR. KELLAHIN: If the Examiner please,
we have checked in the Commission records and we find that
Mr. Evans' bond, as required for this project, has been ap-
proved by the Commission as of August 15th, 1981. There's a

1
2 letter in Diane's file on the bond that indicates the approval.

3 And as the Examiner may note in the
4 application, this application was originally filed for property
5 located in another township. Mr. Evans has relocated the
6 proposed plant as advertised on the docket today.

7 Q Mr. Evans, will you explain to the Examiner
8 what you propose to do with your oil treating plant in this
9 portion of Lea County, New Mexico?

10 A Well, we propose to treat waste and
11 sediment oil to bring it to pipeline quality.

12 Q This raw material that comes to the
13 plant will be produced from any source in the area?

14 A Yes, sir.

15 Q All right, it's not limited to -- as to
16 its source to a particular place?

17 A No.

18 Q You'll purchase it from different oper-
19 ators in the field and it will be trucked to the plant?

20 A Yes, sir.

21 Q All right. Let me show you what I've
22 marked as your Exhibit Number One, and have you generally
23 describe for me the mechanics of treating the fluids as they
24 first come into the plant.

25 A The material is brought into the plant

1
2 and it will be held in the storage tanks, which are the four
3 tanks on the upper righthand part of the exhibit. From that
4 point they will be pumped into the treating tanks on the
5 lefthand part of the schematic. The treating tanks will have
6 heating coils which will be heated by a steam boiler. The
7 material will be brought to a sufficient temperature and
8 treated chemically to bring the material to pipeline quality.

9 Q Is the system designed in such a way
10 that there will be any hydrocarbons or substances vented to
11 the atmosphere?

12 A No, sir.

13 Q And is the site going to be fenced in
14 such a way that it is consistent with Division policy and
15 practices?

16 A Yes, sir, it is.

17 Q And what do you do about pits for the
18 plant, Mr. Evans?

19 A There will be no pits at all. This will
20 be -- all of our holding facilities will be in tanks and all
21 material will be contained in these tanks.

22 Q All right, sir.

23 Would you describe generally what you
24 anticipate to be the volume of materials to be processed
25 through the plant?

1
2 A. We would anticipate, depending on the
3 amount of material available, we would anticipate being able
4 to process 1000 barrels a day.

5 Q. Do you have any time requirements with
6 regards to getting your plant into operation?

7 A. Well, of course, since we did have to
8 change locations, because of some -- because of the problem
9 of being too close into town, primarily, and through working
10 with Jerry Sexton of the Oil Commission there in Hobbs, he
11 recommended that we move further out where we wouldn't have
12 any problems with -- with any kind of local land owners, or
13 anything like this, and we had originally made our -- based
14 our business dealings on being able to open in accordance
15 with our original application, and as such we are running
16 quite a bit behind.

17 Q. You've already purchased certain equip-
18 ment and supplies necessary for the operation of this plant?

19 A. Yes, sir.

20 Q. And when do you propose to have the
21 plant operational?

22 A. As soon as possible.

23 Q. As soon as you get the permit to do it,
24 right?

25 A. Yes, right.

1
2 Q All right. With regards to the amended
3 location, Mr. Evans, is this a location that has been inspected
4 and approved by Mr. Sexton of the District Commission Office?

5 A Yes, we did check with Jerry and talked
6 to them before we did make this location for the site of our
7 plant.

8 Q All right, now is this property fee acreage,
9 deeded land, or is it State or Federal leased property?

10 A Deeded land.

11 Q All right, and the land is -- has been
12 conveyed to you or the company?

13 A Yes, it has.

14 Q All right, so this is your property?

15 A Yes, it is.

16 Q All right. Now, with regards to the
17 amounts of raw material that will come into the plant, do you
18 have any estimate of what the full capacity is of the plant
19 once it's operational?

20 A Well, we feel like that on the schematic
21 that we have submitted, that 1000 barrels a day would be
22 close to maximum. Of course, the only limitation is the
23 number of treating tanks and the amount of material available
24 to treat. We have sufficient land laid out at present to
25 where it will be a simple matter to add treating tanks as we

1
2 go, as needed, to handle what material we have available.

3 MR. KELLAHIN: If the Examiner please,
4 we need some clarification or perhaps assistance.

5 My review of past treating plant orders
6 has not indicated that the Commission has limited the plants
7 I examined to particular capacities, and because Mr. Evans
8 anticipates that he will run volumes of material in excess
9 of what he's told you today, he would appreciate having some
10 flexibility in the order with regards to expansion of the
11 plant.

12 I don't know that the order itself has
13 ever indicated any preclusion of an operator either expanding
14 his plant or taking in greater amounts of material than he's
15 testified to at the hearing.

16 MR. STAMETS: I'm not certain as long as
17 he stays at the same location and as long as he fits the
18 requirements of the order as to the process that he uses
19 and safety features. I don't know that there's anything in
20 there. I'll see if we can't address that point.

21 MR. KELLAHIN: We'll appreciate that
22 very much.

23 Q. Mr. Evans, in your opinion is the appro-
24 val of this application necessary for the prevention of
25 waste, the protection of correlative rights, and the promotion

1
2 of conservation?

3 A. Yes, it is.

4 Q. And in your opinion will it result in
5 the recovery of salable oil that would otherwise be lost?

6 A. Absolutely.

7 MR. KELLAHIN: That concludes our exam-
8 ination of Mr. Evans. We tender Exhibit Number One.

9 MR. STAMETS: Exhibit Number One will be
10 admitted.

11

12 CROSS EXAMINATION

13 BY MR. STAMETS:

14 Q. Mr. Evans, will your own company trucks
15 be bringing in all of the fluids or will you be accepting
16 tank bottoms from other sources?

17 A. Yes, sir, we will be accepting tank
18 bottoms from other sources.

19 Q. Okay, then you will also have your own
20 trucks?

21 A. Yes, sir.

22 Q. All right. And I see you have firewalls
23 and dikes around all the facilities. Those are big enough
24 to hold all of the fluids which might be in any of the tanks
25 or all the tanks in the area?

1

2

A. Yes, sir.

3

Q. Okay.

4

A. However, we were advised by the State Fire Marshal's Office that these were not necessary. These were included in our original plans, though.

7

Q. Mr. Evans, it seems as though there's always a certain irreducible volume of sediment which will never treat out wholly, and also there is generally waste water associated with such a facility. What will you do with these two materials?

12

A. The material that is irretrievable through our process, we have a ready source of disposal which we've been selling to the oil companies for approximately eight months now in the form of drilling mud oil. This is mixed with used motor oil and sold back to the oil companies.

17

The brine disposal, we have an agreement with -- with Pollution Control to dispose of our brine at their facility and to work with them.

20

Q. What percentage of good oil would you normally expect to get out of a load of sediment?

22

A. Well, that will vary tremendously. It can range from -- anywhere from 20 percent up to 80 percent.

24

Q. 80 percent good oil?

25

A. Yes, sir.

1
2 Q. How does that happen?

3 A. Well, it just -- when oil is rejected,
4 you know, by one of the trucking companies, as not being
5 ready for sale, well, a lot of times this oil will be brought
6 in and sold either as part of, you know, a large lot or
7 trucked in individually, and --

8 Q. If you owned a primary producing lease,
9 would you let anybody haul off anything with 80 percent good
10 oil?

11 A. Well, it would, I guess it would depend
12 on the cost involved in -- in getting it ready to, you know,
13 to be sold. I think it's a dollar and cents type situation.

14 And I could be, you know, I could be
15 high on my figures. It varies so tremendously. You might
16 get some tank bottoms that you've got 200 or 300 barrels of
17 gross material and you might get 40 or 50 barrels of oil out
18 of it, and then you might get some tank bottoms that they
19 leave a couple of inches of oil on top and it might work out
20 where you'd get 50 percent or better on it. It varies so
21 tremendously, it's hard to say.

22 MR. STAMETS: Any other questions of
23 this witness? He may be excused.

24 Anything further in this case?

25 The case will be taken under advisement.

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R. DO HEREBY CERTIFY that the foregoing Transcript of Hearing was reported by me; that the said transcript is a full, true, and correct record of the hearing before the Oil Conservation Division, and was prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7315 heard by me on 8-26-19-81
Richard L. Lane, Examiner
Oil Conservation Division

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501
July 6, 1981

RECEIVED
JUL 10 1981
OIL CONSERVATION DIVISION
SANTA FE

Telephone 982-4285
Area Code 505

Mr. Joe Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Rhema Oil Processing

Dear Joe:

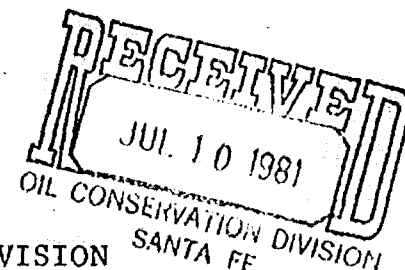
Please set the enclosed application for hearing
on July 29, 1981.

Very truly yours,

Tom
W. Thomas Kellahin

WTK:jm
Enclosure
cc: Mr. Kerry L. Evans

Case 7315



BEFORE THE OIL CONSERVATION DIVISION

ENERGY AND MINERALS DEPARTMENT

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF RHEMA OIL PROCESSING FOR A)
SEDIMENT OIL TREATING PLANT)
PERMIT, LEA COUNTY NEW MEXICO)

CASE NO. 7315

A P P L I C A T I O N

Applicant, Rhema Oil Processing of Hobbs, New Mexico,
by and through their attorneys, Kellahin & Kellahin, hereby
apples for a sediment oil treating plant permit, and states:

1. This Application for a sediment oil treating plant
is filed pursuant to Rule 312 of the Rules of the Oil
Conservation Division.

2. The proposed location of the sediment oil treating
plant is in the NW/4 of Section 30, Township 18 South, Range
38 East, N.M.P.M., Lea County, New Mexico. Said land is
fee land belonging to the Applicant.

3. Applicant anticipates being able to process approxi-
mately 150,000 bbls of raw material the first year. Of this
volume, Applicant expects to reclaim approximately 45,000
bbls of salable crude oil. There should be approximately
75,000 bbls of water which would be disposed of through Rice
Engineering disposal lines and 30,000 bbls of waste material
which will be disposed of at Laguna Lake disposal plant.

Oil on a daily basis - 120-125 bbls.

Water on a daily basis - 200-210 bbls.

Sediment & waste on a daily basis - 80-85 bbls.

4. If this Application is approved, before beginning
actual operations, Applicant will file with the Division a
performance bond in the amount of \$10,000, conditioned upon
substantial compliance with applicable statutes of the
State of New Mexico and all rules, regulations, and orders of
the Oil Conservation Division.

5. Applicant will comply with all requirements and regulations of the Environmental Improvement Agency, and a copy of this Application is being forwarded to said Agency.

6. That the proposed plant and method of processing will efficiently process, treat, and reclaim sediment oil, thereby salvaging oil which would otherwise be wasted.

WHEREFORE, Applicant requests orders of the Oil Conservation Division as follows:

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

B. That after hearing, an order be entered granting Applicant a sediment oil treating plant permit pursuant to Rule 312 of the Oil Conservation Division, Energy and Minerals Department, State of New Mexico.

KELLAHIN & KELLAHIN

By 

W. Thomas Kellahin
P.O. Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285

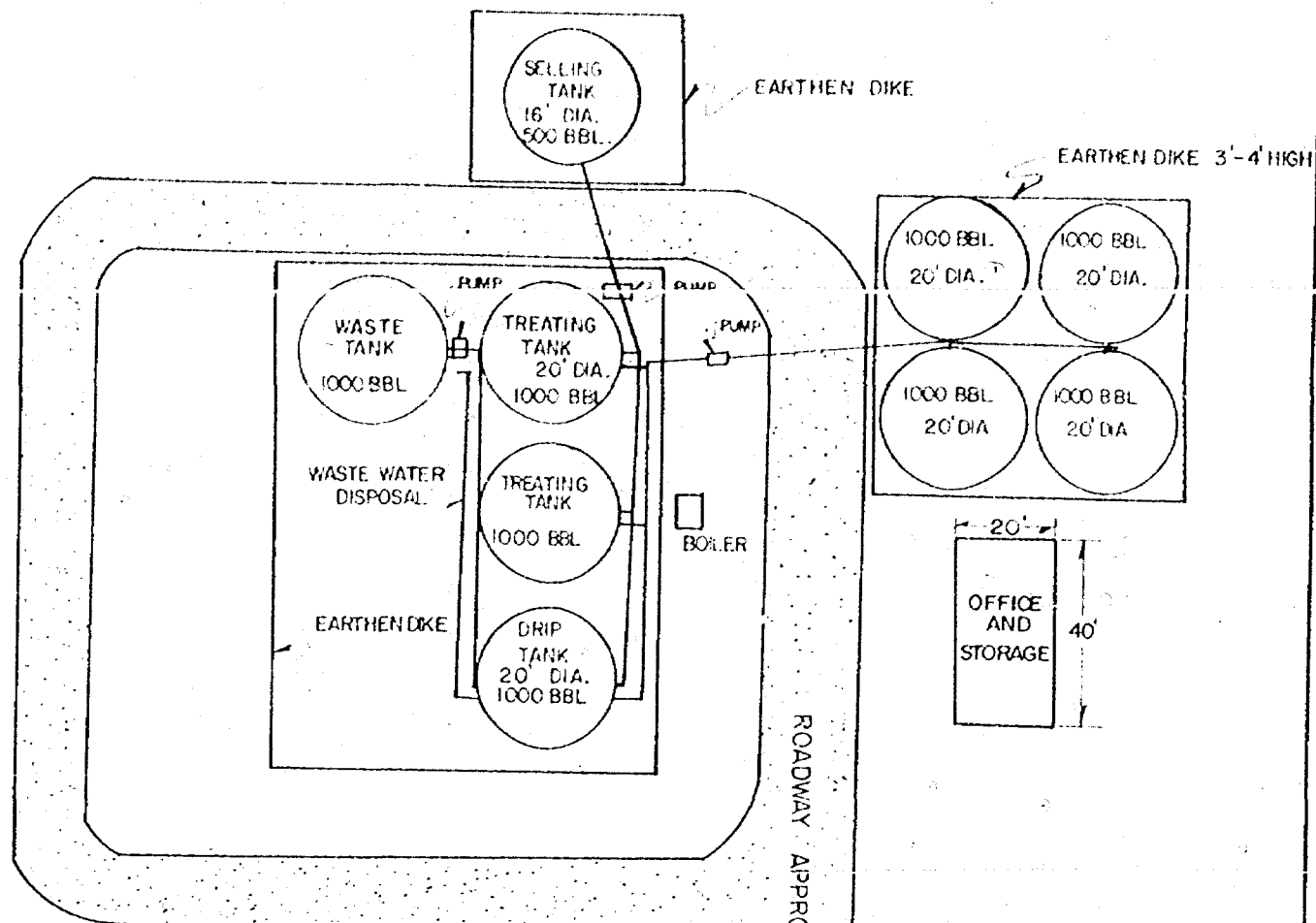
Application of Rhema Oil Processing for a Sediment
Oil Treating Plant Permit (to be located in NW/4
of Section 30, Township 18 South, Range 38 East,
N.M.P.M., Lea County, New Mexico).

STATEMENT AS TO EQUIPMENT

All tanks will be equipped with vapor-proof positive
seal thief hatches.

No portion of the treating system, from storage tank
through treating process and into the sales tanks, will
permit of or involve any emissions into the atmosphere.
The storage tank, sales tanks, treating lines, drain lines,
and pipeline will be metal.

The firewall will be constructed as an earth dike three
feet high.

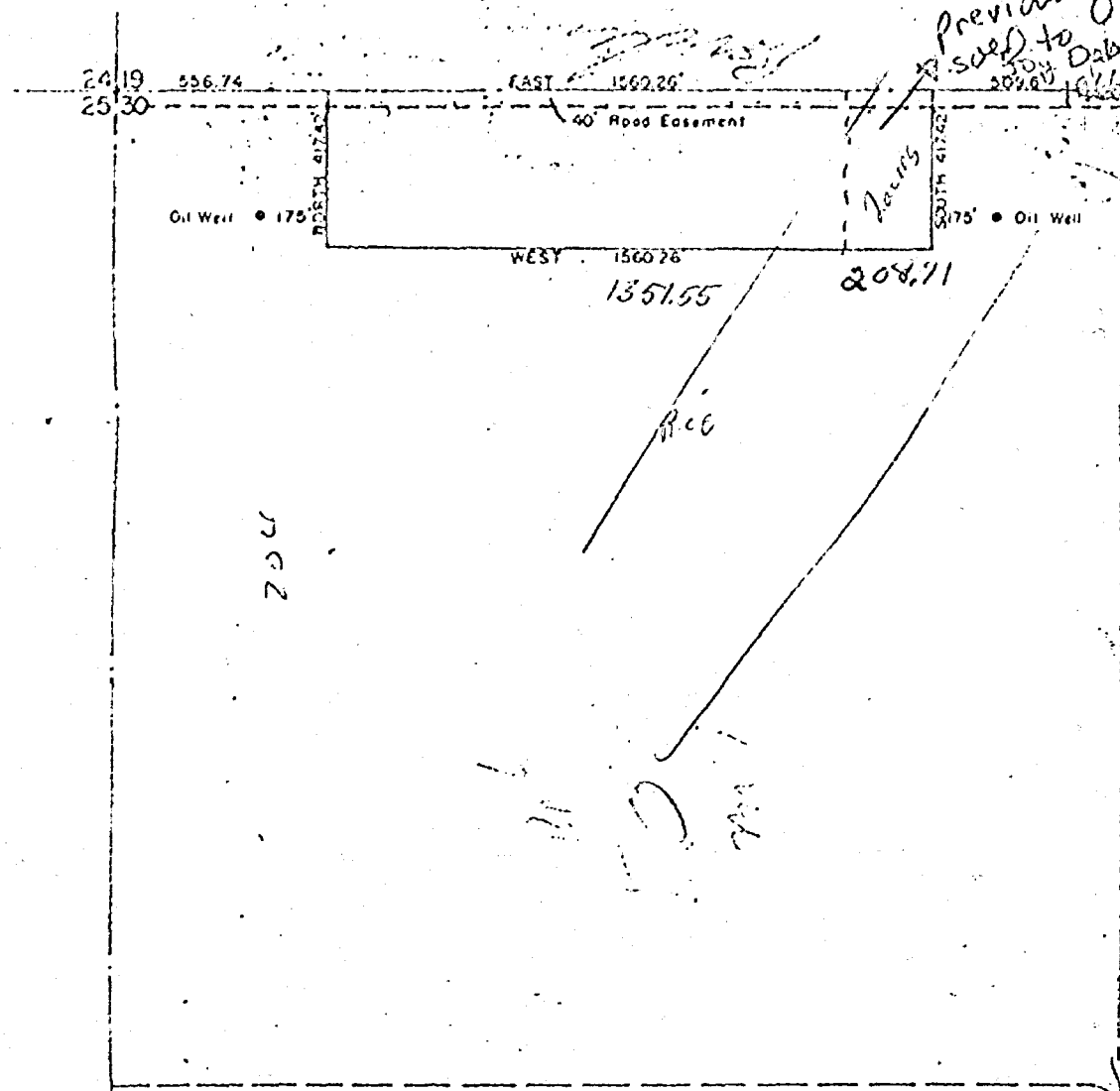


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JOHN W. WEST	N.M.	P.E. & L.S.	NO. 678
	TEXAS	R.P.S.	NO. 1188
PARICK A. ROMERO	N.M.	L.S.	NO. 8806
	TEXAS	R.P.S.	NO. 2100
RONALD J. GIDSON	N.M.	L.S.	NO. 5233
	TEXAS	R.P.S.	NO. 1883

RHEMA	
JOHN W. WEST ENGINEERING COMPANY CONSULTING ENGINEERS HOBBS, NEW MEXICO	
Scale:	Drawn by: mt pax
Date: 6/27/81	Sheet of Sheets

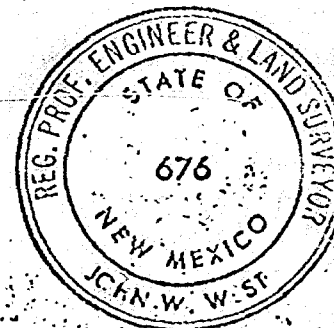


DESCRIPTION

A TRACT OF LAND LYING IN AND BEING A PART OF THE NW $\frac{1}{4}$ OF SECTION 30, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT EAST A DISTANCE OF 556.74 FEET FROM THE NORTHWEST CORNER OF SECTION 30, TOWNSHIP 18 SOUTH, RANGE 38 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO. THENCE EAST A DISTANCE OF 1560.26 FEET; THENCE SOUTH A DISTANCE OF 417.42 FEET; THENCE WEST A DISTANCE OF 1351.55 FEET; THENCE NORTH A DISTANCE OF 417.42 FEET TO THE POINT OF BEGINNING, CONTAINING 14.951 ACRES, MORE OR LESS.

12.951



I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION, AND THAT THE SAME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

John W. West
JOHN W. WEST, N.M. P.E. & L.S. NO. 876
TEXAS R.P.S. NO. 1138

B. W. MATHEWS TRACT

LOCATED IN NW $\frac{1}{4}$ SECTION 30, T18S, R38E, N.M.P.M., LEA COUNTY, NEW MEXICO.

JOHN W. WEST ENGINEERING COMPANY
CONSULTING ENGINEERS HOBBBS, NEW MEXICO

Scale 1" = 300' Drawn by WLS

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
29 July 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Rhema Oil Processing
for an oil treating plant permit,
Lea County, New Mexico.

CASE
7315

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

MR. STAMETS: Call next Case 7315.

MR. PADILLA: Application of Rhema Oil Processing for an oil treating plant permit, Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, we'd like to continue that case. It has to be readvertised because of a change in location of the plant. I've submitted a letter requesting the location change.

MR. STAMETS: Somehow that's not made it to the file, Tom.

MR. KELLAHIN: I don't think you have it yet.

MR. STAMETS: Okay, when would you like it continued to, Tom, whenever we readvertise it for?

MR. KELLAHIN: Yes, sir, it would be the 26th of August.

MR. STAMETS: All right, Case 7315 will be continued for readvertisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript or Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7315, heard by me on 7-29 19 81.

Richard H. Stamm Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
29 July 1981

EXAMINER HEARING

IN THE MATTER OF:

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KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

1
2 MR. STAMETS: Call next Case 7315.

3 MR. PADILLA: Application of Rhema Oil
4 Processing for an oil treating plant permit, Eddy County, New
5 Mexico.

6 MR. KELLAHIN: If the Examiner please,
7 we'd like to continue that case. It has to be readvertised
8 because of a change in location of the plant. I've submitted
9 a letter requesting the location change.

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11 it to the file, Tom.

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13 yet.

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15 it continued to, Tom, whenever we readvertise it for?

16 MR. KELLAHIN: Yes, sir, it would be
17 the 26th of August.

18 MR. STAMETS: All right, Case 7315 will
19 be continued for readvertisement.

20
21 (Hearing concluded.)
22
23
24
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

July 28, 1981



Mr. Joe D. Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Rhema Oil Processing
Case 7315

Dear Joe:

On behalf of Rhema Oil Processing, I filed
Division Case 7315 now set for examiner hearing on
July 29th.

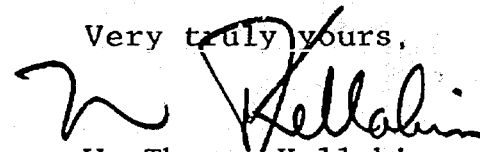
I am informed by Rhema Oil Processing that
they desire to amend their application to relocate
the proposed plant to other lands.

Accordingly, please continue this case until
the Examiner hearing on August 26, 1981 and readvertise
the case for the following acreage:

Township 20 South, Range 38 East, NMPM
Section 14: SW/4NE/4 NW/4

being site containing 10 acres
more or less, Lea County New Mexico

Very truly yours,


W. Thomas Kellahin

WTK:jm

cc: Mr. Kerry L. Evans

Dockets Nos. 27-81 and 28-81 are tentatively set for September 9 and September 23, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 26, 1981

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

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

- CASE 7329: Application of Loco Hills Water Disposal Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit the commercial disposal of produced brine into several unlined surface pits located in the S/2 SW/4 SW/4 of Section 16, Township 17 South, Range 30 East.
- CASE 7330: Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the E/2 of Section 16, Township 22 South, Range 33 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7331: Application of Bass Enterprises Production Company for an unorthodox location and possible dual completion or downhole commingling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Bass State Well No. 2, a Wolfcamp test located 554 feet from the South and East lines of Section 16, Township 7 South, Range 35 East, to be plugged back and completed in the Todd Upper and/or Todd Lower San Andres Pools. Applicant further seeks authority to dually complete said well in both of said pools or, if of similar nature, i.e., gas-gas or oil-oil, to commingle the production from said pools in the wellbore. The SE/4 SE/4 of said Section 16 would be dedicated to an oil completion and the E/2 of the section to a gas completion.
- CASE 7332: Application of Bass Enterprises Production Company for directional drilling and possible unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its James Ranch Well No. 13 from a surface location 660 feet from the South line and 1340 feet from the East line of Section 36, Township 22 South, Range 30 East, in such a manner as to penetrate the various pays in the Pennsylvania formation at various distances from the outer boundary of the proposed proration unit, being the S/2 of Section 31, Township 22 South, Range 31 East, but in no event closer than an unorthodox location 660 feet from the outer boundary of said unit.
- CASE 7333: Application of Coquina Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 14, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7334: Application of R. A. Mendenhall Associates, Ltd. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Delaware Mountain Group formation underlying the NW/4 SE/4 of Section 10, Township 22 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7315: (Continued and Readvertised)
- Application of Rhema Oil Processing 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 SW/4 NE/4 NW/4 of Section 14, Township 20 South, Range 38 East.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
26 August 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Rhema Oil Processing
for an oil treating plant permit,
Lea County, New Mexico.

CASE
7315

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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2

I N D E X

KERRY L. EVANS

Direct Examination by Mr. Kellahin

3

Cross Examination by Mr. Stamets

9

E X H I B I T S

Applicant Exhibit One, Diagram

4

MR. STAMETS: Call next Case 7315.

MR. PEARCE: Application of Rhema Oil Processing for an oil treatment plant permit, Lea County, New Mexico.

MR. KELLAHIN: I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness to be sworn.

(Witness sworn.)

KERRY L. EVANS

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Evans, would you please state your name and occupation?

A Kerry L. Evans, President, Rhema Drilling Fluids, Incorporated, Owner, Rhema Oil Processing.

MR. KELLAHIN: If the Examiner please, we have checked in the Commission records and we find that Mr. Evans' bond, as required for this project, has been approved by the Commission as of August 15th, 1981. There's a

1 letter in Diane's file on the bond that indicates the approval.

2 And as the Examiner may note in the
3 application, this application was originally filed for property
4 located in another township. Mr. Evans has relocated the
5 proposed plant as advertised on the docket today.

6 Q Mr. Evans, will you explain to the Examiner
7 what you propose to do with your oil treating plant in this
8 portion of Lea County, New Mexico?

9 A Well, we propose to treat waste and
10 sediment oil to bring it to pipeline quality.

11 Q This raw material that comes to the
12 plant will be produced from any source in the area?

13 A Yes, sir.

14 Q All right, it's not limited to -- as to
15 its source to a particular place?

16 A No.

17 Q You'll purchase it from different oper-
18 ators in the field and it will be trucked to the plant?

19 A Yes, sir.

20 Q All right. Let me show you what I've
21 marked as your Exhibit Number One, and have you generally
22 describe for me the mechanics of treating the fluids as they
23 first come into the plant.

24 A The material is brought into the plant

1
2 and it will be held in the storage tanks, which are the four
3 tanks on the upper righthand part of the exhibit. From that
4 point they will be pumped into the treating tanks on the
5 lefthand part of the schematic. The treating tanks will have
6 heating coils which will be heated by a steam boiler. The
7 material will be brought to a sufficient temperature and
8 treated chemically to bring the material to pipeline quality.

9 Q Is the system designed in such a way
10 that there will be any hydrocarbons or substances vented to
11 the atmosphere?

12 A No, sir.

13 Q And is the site going to be fenced in
14 such a way that it is consistent with Division policy and
15 practices?

16 A Yes, sir, it is.

17 Q And what do you do about pits for the
18 plant, Mr. Evans?

19 A There will be no pits at all. This will
20 be -- all of our holding facilities will be in tanks and all
21 material will be contained in these tanks.

22 Q All right, sir.

23 Would you describe generally what you
24 anticipate to be the volume of materials to be processed
25 through the plant?

1
2 A We would anticipate, depending on the
3 amount of material available, we would anticipate being able
4 to process 1000 barrels a day.

5 Q Do you have any time requirements with
6 regards to getting your plant into operation?

7 A Well, of course, since we did have to
8 change locations, because of some -- because of the problem
9 of being too close into town, primarily, and through working
10 with Jerry Sexton of the Oil Commission there in Hobbs, he
11 recommended that we move further out where we wouldn't have
12 any problems with -- with any kind of local land owners, or
13 anything like this, and we had originally made our -- based
14 our business dealings on being able to open in accordance
15 with our original application, and as such we are running
16 quite a bit behind.

17 Q You've already purchased certain equip-
18 ment and supplies necessary for the operation of this plant?

19 A Yes, sir.

20 Q And when do you propose to have the
21 plant operational?

22 A As soon as possible.

23 Q As soon as you get the permit to do it,
24 right?

25 A Yes, right.

1
2 Q All right. With regards to the amended
3 location, Mr. Evans, is this a location that has been inspected
4 and approved by Mr. Sexton of the District Commission Office?

5 A Yes, we did check with Jerry and talked
6 to them before we did make this location for the site of our
7 plant.

8 Q All right, now is this property fee acreage,
9 deeded land, or is it State or Federal leased property?

10 A Deeded land.

11 Q All right, and the land is -- has been
12 conveyed to you or the company?

13 A Yes, it has.

14 Q All right, so this is your property?

15 A Yes, it is.

16 Q All right. Now, with regards to the
17 amounts of raw material that will come into the plant, do you
18 have any estimate of what the full capacity is of the plant
19 once it's operational?

20 A Well, we feel like that on the schematic
21 that we have submitted, that 1000 barrels a day would be
22 close to maximum. Of course, the only limitation is the
23 number of treating tanks and the amount of material available
24 to treat. We have sufficient land laid out at present to
25 where it will be a simple matter to add treating tanks as we

1
2 go, as needed, to handle what material we have available.

3 MR. KELLAHIN: If the Examiner please,
4 we need some clarification or perhaps assistance.

5 My review of past treating plant orders
6 has not indicated that the Commission has limited the plants
7 I examined to particular capacities, and because Mr. Evans
8 anticipates that he will run volumes of material in excess
9 of what he's told you today, he would appreciate having some
10 flexibility in the order with regards to expansion of the
11 plant.

12 I don't know that the order itself has
13 ever indicated any preclusion of an operator either expanding
14 his plant or taking in greater amounts of material than he's
15 testified to at the hearing.

16 MR. STAMETS: I'm not certain as long as
17 he stays at the same location and as long as he fits the
18 requirements of the order as to the process that he uses
19 and safety features. I don't know that there's anything in
20 there. I'll see if we can't address that point.

21 MR. KELLAHIN: We'll appreciate that
22 very much.

23 Q Mr. Evans, in your opinion is the appro-
24 val of this application necessary for the prevention of
25 waste, the protection of correlative rights, and the promotion

1
2 of conservation?

3 A. Yes, it is.

4 Q. And in your opinion will it result in
5 the recovery of salable oil that would otherwise be lost?

6 A. Absolutely.

7 MR. KELLAHIN: That concludes our exam-
8 ination of Mr. Evans. We tender Exhibit Number One.

9 MR. STAMETS: Exhibit Number One will be
10 admitted.

11
12 CROSS EXAMINATION

13 BY MR. STAMETS:

14 Q. Mr. Evans, will your own company trucks
15 be bringing in all of the fluids or will you be accepting
16 tank bottoms from other sources?

17 A. Yes, sir, we will be accepting tank
18 bottoms from other sources.

19 Q. Okay, then you will also have your own
20 trucks?

21 A. Yes, sir.

22 Q. All right. And I see you have firewalls
23 and dikes around all the facilities. Those are big enough
24 to hold all of the fluids which might be in any of the tanks
25 or all the tanks in the area?

1

2

A Yes, sir.

3

Q Okay.

4

A However, we were advised by the State

5

Fire Marshal's Office that these were not necessary. These
were included in our original plans, though.

7

Q Mr. Evans, it seems as though there's

8

always a certain irreducible volume of sediment which will

9

never treat out wholly, and also there is generally waste

10

water associated with such a facility. What will you do with

11

these two materials?

12

A The material that is irretrievable

13

through our process, we have a ready source of disposal which

14

we've been selling to the oil companies for approximately

15

eight months now in the form of drilling mud oil. This is

16

mixed with used motor oil and sold back to the oil companies.

17

The brine disposal, we have an agreement

18

with -- with Pollution Control to dispose of our brine at

19

their facility and to work with them.

20

Q What percentage of good oil would you

21

normally expect to get out of a load of sediment?

22

A Well, that will vary tremendously. It

23

can range from -- anywhere from 20 percent up to 80 percent.

24

Q 80 percent good oil?

25

A Yes, sir.

1

2

Q How does that happen?

3

4

A Well, it just -- when oil is rejected, you know, by one of the trucking companies, as not being ready for sale, well, a lot of times this oil will be brought in and sold either as part of, you know, a large lot or trucked in individually, and --

8

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11

Q If you owned a primary producing lease, would you let anybody haul off anything with 80 percent good oil?

12

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A Well, it would, I guess it would depend on the cost involved in -- in getting it ready to, you know, to be sold. I think it's a dollar and cents type situation.

And I could be, you know, I could be high on my figures. It varies so tremendously. You might get some tank bottoms that you've got 200 or 300 barrels of gross material and you might get 40 or 50 barrels of oil out of it, and then you might get some tank bottoms that they leave a couple of inches of oil on top and it might work out where you'd get 50 percent or better on it. It varies so tremendously, it's hard to say.

MR. STAMETS: Any other questions of this witness? He may be excused.

Anything further in this case?

The case will be taken under advisement.

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R. DO HEREBY CERTIFY that the foregoing Transcript of Hearing was reported by me, that the said transcript is a full, true, and correct record of the hearing before the Oil Conservation Division, and was prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____ heard by me on _____ 19____

_____, Examiner
Oil Conservation Division

Memo

7-20-81

From

JERRY SEXTON
District Supervisor

Case 7315

To Joe,

Attached are petitions against treating plant in
NW/4 of Sec. 30, T18, R38.

The signatures are supposed to be either from
residents in the area or from members of a church
which is close to the proposed treating plant.

Several said if the petition is not adequate they
could come to Santa Fe.

7/23

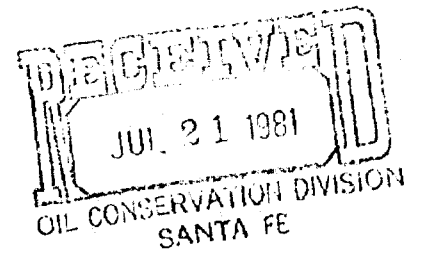
Joe:

*I suggest that these
people ^{or their representatives} come to the hearing
& make their objections a
matter of record.*

EJP

Put in Case File

Oil Conservation Hobbs, New Mexico



OBJECTION PETITION

TO

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

SANTA FE, NEW MEXICO

We, the undersigned, property owners and renters, place this petition as an objection to the construction of an oil treating plant proposed by Rhema Oil Processing in the NW/4 of Section 30, Township 18 South, Range 38 East in LEA COUNTY, NEW MEXICO.

WE feel this plant would be a fire hazard for our area which would put our homes in danger and would increase our insurance rates.

WE fear for our children because this construction would present an attraction for curious children. The truck traffic to this installation could be very heavy and present problems for the children in this area on bikes or hikes.

This type of installation would give off obnoxious odors which would be unpleasant for our home environment and might be harmful to our health.

We wish to protect our shallow water zone and feel this could be a potential water contamination hazard.

There is also a possibility of oil spills which could be dangerous.

We feel this type of installation would lower the value of all the property in this area.

Signed by all concerned residents in Sec. 30, T18S, R38E, Lea County New Mexico, and vicinity of West Bender Blvd.

Kathy Jones St. El. A. Box 936 Hobbs, N.M. 88240

~~Dwight Jones~~

O.C. Buford Mildred Buford "owner"
Box 3109 Jones Lane Hobbs N.M. 88240

Hugh James Davis West Bender

Jim J. Davis

Geo. E. Carr

Thelma M. Hasten

Virginia M. Matthews

V. C. Woods owner.

Mrs. R. D. Roberts

James H. Davis

Ruby Matthews

H. Byron Allen

Lehman Sandoval

125 Robert Lane Property Owner

Susan Sandoval

125 Robert Ln

Sharon M. Semler

Star Rt A, Box 630 -

Gay E. Linn

Star Rt "A" Box 630

Mr. Ron Brangle owner

Jim Hosten owner

Joe Luter 41.00 W Bender owner

Robert S. Co Star Rt. A - Box 800 owner

Vickie C. Co St Rt A Box 800 owner

Ervin Fortner Star Rt A, Box 900

Ray Pascon Star Rt A Box 1000

Mellie Jo Snow P.O. Box 355 W. Bender Hobbs N.M.

Auge M. Messenger Star Rt. A. Box 1006

Billy L. Messenger St. Rt. A. Box 1006.

Lowell A. 3 Hughes St. 3550 W. Bender Hobbs, N.M.

Louise Hughes 3550 W. Bender

Terching Lane Star Rt. A. Box 1120 Hobbs, N.M.

Melba C. Lane Star Rt A, Box 1120, Hobbs, N.M.

Judi Lane 1125 W. Co. Rd. Hobbs, N.M.

Boyle Lane 1125 W. County Rd Hobbs

George Rowland St Rt A Box 1100 Hobbs N.M.

James Kay St Rt A Box 1020 Hobbs

Maria Kay Star Rt A Box 1020 Hobbs N.M.

Mrs Taylor 3500 Greiner Dr Hobbs N.M.

James H. Steen St Rt A Box 1006 Hobbs N.M.

Mrs James Steen " " " " " "

Arthur Behnke " " " " " "

Hugh L. Davis Jr Star Route A Box 912 Hobbs (owner)

Flo Davis Star Route A. Box 912 Hobbs

Mr. + Mrs. Hugh W. Davis St. Rt. A Box 912 Hobbs

Levin W. McSorahan 915 Beusing Rd.

Connie Johnson St. Rt A Box 964 - Hobbs -

Camela Howard 4001 Webb Lane Hobbs

Francis Wate Webb Lane - Box 214 Hobbs -

William E. Weddle STAR Rt A Box 944 Hobbs (owner)

Jean Weddle St. Rt. A Box 944 Hobbs (owner)

OBJECTION PETITION
TO
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

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Signed by all concerned residents in Sec. 30, T18S, R38E, Lea County New Mexico, and the vicinity of West Bender Blvd.

Joe B. Cravens Star Rt A Box 650 ^{OWNER}
 Bobbie S. Conaway Star Rt A Box 650 (W. Bender) ^{OWNER}
 Elsie M. Straupe Rt Rt A Box 600 W. Bender ^{OWNER}
 V.A. Rovech 303 E. Permian Hobbs
 Floyd Ayers Star A Box 500 Hobbs N. Mex.
 Vera Dingler 1600 San Andres, Hobbs, N. Mex. ^{member of Church of Firstborn}
 Mrs. J. B. Willman 1420 Princess Jan, Hobbs, N. M. ^{Member of Church of the Firstborn}
 Mr & Mrs Monty D. Wittman Star Rt A Box 758 Hobbs N. M.
 Mr & Mrs. Bill Andrews - 1302 S. McKimley Hobbs.
 Hattie Caplan - 1302 S. McKimley ^{Church of Firstborn members}
 Mr & Mrs. James LeMons - 5948 College St Hobbs, N. M.
 Danny R. Robbs 1222 Breckon Dr. Hobbs
 Cynthia D. Doherty 1222 Breckon Dr. Hobbs
 Ronnie G. Kaulston 1123 E. Llano Hobbs
 Velda F. Kaulston 1123 E. Llano
 David Kaulston 1123 E. Llano
 Beverly R. Gullett
 Don E. Graw 1817 N. Penasco, Hobbs
 Edna Thomas 500 E. Broadway
 Beverly Thomas 500 E. Broadway
 John Thomas 560 E. Broadway
 James F. Thomas 500 Hickman Drive
 Betty Wright 425 Hickman Drive
 Jean Harris 500 Hickman Dr.
 Manetta Wright 425 Hickman Dr. ^{Church member}
 Mrs. Joyce L. Doherty 4301 W. Bender ^{property owners}
 Albert Harris 401 Shipp Dr. ^{Church member}
 Rebecca Harrison 401 Shipp Dr.
 R. Doherty 4303 W. Bender
 R. Doherty 1543 San Mateo
 R. Doherty Star Rt A Box 759 Hobbs

Frank D. Debb
 Lili A. Debb
 Mrs J.W. Sayre
 J.W. Sayre
 Jerry Shahan
 Kathy Shahan
 Floyd Eaton
 Audrey Eaton
 Charline Wright
 Nolan Wright
 Bob Norwood
 Jean Norwood
 Menese Kittrell
 B. L. Shell
 Ed. Henson
 Chuck Kittrell
 David Wittman
 James R Chitwood
 Lawrence Wittman
 Edith Coze
 George Coze
 Ed. Debb
 Becky S. Debb
 M. Howell
 A.D. Shugler
 Ann Slaughter
 Anetta Horne
 Mike Horne
 Freda Vickers
 Vicki Vickers
 Nancy Vickers
 Ralph Messenger
 Vivian Messenger

Ch. member
 2201 N. Bucken
 2201 N. Bucken
 West Bendee
 STAR RT. A BOX 834
 STAR RTA BOX 822
 STAR RTA BOX 822
 S. Rt. A. Box 720
 S. Rt. A. Box 720
 400 Carr Lane
 400 Carr Lane
 700 Carr Lane
 " " "
 ST RT A BOX 782
 ST RTA BOX 780
 " " "
 ST. RT A BOX 758
 RT A En.
 Star Route A. Box 770
 " " " " "
 4301 W Bender
 " "
 ST Rte A Box 888
 S. Rt. A. BOX 894
 S. Rt. A. BOX 894
 Star A Box 742
 Star Route A BOX 742
 Star RTA Box 740
 Star RT. A BOX 748
 Star RT. A BOX 748
 Star RT A BOX 750
 Star RT. A Box 750

CASE 7315: Application of Rhema Oil Processing 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 NW/4 of Section 30, Township 18 South, Range 38 East.

CASE 7274: (Continued from June 17, 1981, Examiner Hearing)

Application of Bass Enterprises Production Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its James Ranch Unit Well No. 13 from an unorthodox surface location 660 feet from the South line and 1340 feet from the East line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom said well in the Morrow formation at a standard location at least 660 feet from the South line and 1980 feet from the West line of Section 31, Township 22 South, Range 31 East, the S/2 of said Section 31 to be dedicated to the well.

CASE 7302: (Continued from July 15, 1981, Examiner Hearing)

Application of Florida Hydrocarbons Company for surface commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of Morrow, Strawn, Atoka, and Wolfcamp gas produced from five wells located in Unit F of Section 10, Units C and O of Section 15, and Units A and I of Section 22, all in Township 23 South, Range 34 East, Antelope Ridge Field, after separately metering the gas produced from each well and each zone. Lease liquids would be separated out at the wellhead and the gas processed in a plant, allocating plant production back to each well on the basis of meter readings. Applicant further seeks a procedure whereby additional wells could be similarly commingled in said system.

CASE 7316: Application of Blackwood & Nichols Company, Ltd. for amendment of Order No. R-6636, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6636 which authorized directional drilling for its Northeast Blanco Unit Well No. 32-A in Section 7, Township 30 North, Range 7 West, to provide for an amended bottom hole location 2213 feet from the South line and 815 feet from the East line of said Section 7.

CASE 7317: Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying Townships 30 and 31 North, Ranges 2 thru 7 West, containing 270,260 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7318: Application of Phillips Petroleum Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation in the interval from 7332 feet to 7341 feet in its Peterson "H" Well No. 1 in Unit M of Section 29, Township 5 South, Range 33 East, South Peterson Field.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

CASE NO. 7315
Order No. R-6766

APPLICATION OF RHEMA OIL PROCESSING
FOR AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9:00 a.m. on August 26, 1981, at Santa Fe, New Mexico before Examiner ~~Daniel S. Nutter~~ BLS

NOW, on this 26 day of August, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Rhema Oil Processing, authority seeks to construct and operate a chemical and heat-treatment type oil treating plant in the SW/4 NE/4 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, for the processing of approximately 1,000 barrels per day of raw material from tank bottoms, disposal water, and waste pits.

(3) That dikes, dams and or emergency pits should be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location in order that sediment oil, reclaimed oil, or waste oil cannot escape from the immediate vicinity of such plant.

(4) 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.

(5) That the Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

(6) That the subject application should be approved as being the best interests of conservation.

IT IS THEREFORE ORDERED:

(1) That the applicant, Rhema Oil Processing, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the SW/4 NE/4 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms, waste pits and disposal water.

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 Division;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of 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 Division.

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

(3) That dikes, dams and/or emergency pits shall be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location and capable of preventing the escape of any sediment oil, reclaimed oil, or waste oil from the immediate vicinity of said plant.

(4) 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.

(5) That the Director of the Division may administratively grant authority for the expansion or modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rule and Regulations.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director