

CASE 6071: DEMEY SPARGER FOR AN OIL
TREATING PLANT PERMIT, LEA COUNTY,
NEW MEXICO

Case Number

6071

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 26, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Dewey Sparger for) CASE
oil treating plant permit, Lea) 6071
County, New Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Lynn Teschendorf, Esq.
Conservation Commission: Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: W. Thomas Kellahin
Kellahin & Fox
500 Don Gaspar
Santa Fe, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I N D E X

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Page

DEWEY SPARGER

Direct Examination by Mr. Kellahin

3

EXHIBITS

Applicant's Exhibit No. 1, Plat

9

Applicant's Exhibit No. 2, Document

9

Applicant's Exhibit No. 3, Diagram

9

Applicant's Exhibit No. 4, Document

9

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

MR. NUTTER: We'll call next, case No. 6071.

MS. TESCHENDORF: Case 6071, Application of Dewey Sparger for an oil treating plant permit, Lea County, New Mexico.

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

(Witness sworn.)

MR. DEWEY SPARGER

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Sparger, would you please state your name and address?

A Dewey E. Sparger, Hobbs, New Mexico.

Q And what is your occupation, sir?

A Oil field construction operator.

Q Mr. Sparger, do you currently operate the S.P. Johnson No. 1 Well located in Unit L, Section 5, Township 18 South, Range 39 East, Lea County, New Mexico, as a salt water disposal well?

A I do.

Q How long have you owned and operated that as a

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 disposal well?

2 A. Going on three years.

3 Q. You are the applicant in Oil Conservation Commission
4 Case 6071, seeking an oil treatment plant permit, are you not,
5 sir?

6 A. That's right.

7 Q. Have you made a study of, and are you familiar
8 with all the facts regarding that particular application?

9 A. Yes, sir.

10 MR. KELLAHIN: If the Chairman please, is Mr. Sparger
11 qualified as the operator to testify with regard to the
12 permit application?

13 MR. NUTTER: Yes, he is.

14 Q. (By Mr. Kellahin) Mr. Sparger, would you refer to
15 what I have marked as Applicant's Exhibit Number 1, identify
16 it, and locate for the examiner the salt water disposal well
17 and the adjacent oil treatment plants?

18 A. In Section 5?

19 Q. Yes, sir. It's indicated by the red arrow, and
20 it's located in Unit L of Section 5.

21 A. Right.

22 Q. All right. With regards to your application, I
23 want to show you what we have marked as Applicant Exhibit
24 Number 2, and ask you to identify it.

25 A. This is where I had sent in; this is where the

sid morish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

sid morrish reporting service
General Court Reporting Service
 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
 Phone (505) 982-9212

1 bond was sent in for the treating plant.

2 Q All right, sir. I want to show you what we've
 3 marked as Applicant Exhibit Number 3, and ask you to identify
 4 it and summarize briefly the proposed operation of the oil
 5 treating plant with the adjacent salt water disposal well.
 6 Where is the location of the well?

7 A In the top right-hand corner.

8 Q And that's identified as the S.P. Johnson No. 1?

9 A Right.

10 Q Into what formation do you dispose salt water?

11 A The Lower San Andres.

12 Q What is the volume of disposed water on a monthly
 13 basis, Mr. Sparger?

14 A It will run from three to four thousand.

15 Q How long have you operated that well as a salt
 16 water disposal well?

17 A It's been almost three years since I bought it
 18 from Permian Corporation.

19 Q You obtained it from Permian Corporation?

20 A Right.

21 Q And at the time you purchased it from Permian,
 22 did that well have an order from the Oil Conservation Commis-
 23 sion approving it as a salt water disposal well?

24 A Yes, sir.

25 Q What is the source of the water disposed of in

sid morrison reporting service
General Court Reporting Service
 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
 Phone (505) 982-9212

1 this well?

2 A You get it from all over the fields, and hauled in
 3 by truck.

4 Q I assume that well takes the disposed water under
 5 vacuum, or under gravity feed?

6 A Sure does.

7 Q Now, with regards to the adjacent oil treatment
 8 plant, would you explain to the examiner how your plant
 9 operates?

10 A Well, by looking at the map and seeing on the
 11 right-hand side where the, everything is unloaded, comes
 12 in through a four-inch line and goes to a five hundred wash
 13 tank.

14 Q What happens when it gets to the wash tank?

15 A The oil and water separates. The water comes out
 16 and goes into the four two-fifties, and the oil goes into
 17 the sales tank. And then it can be circulated back through
 18 the heater, through the whole system.

19 Q All right. Trace for me, after the oil is
 20 separated from the salt water, trace for me where the salt
 21 water goes.

22 Q It goes into the four two-fifties, or else the
 23 four hundred; then into the well out a four-inch line in
 24 front of it.

25 Q That four-inch gathering line then goes through a

1 strainer?

2 A. Right, through a strainer, then -- we did not
3 show it, but each pump has a bypass for a vacuum line. Once
4 in awhile when we get in a bind, we have to use those pumps
5 a little, but very seldom.

6 Q Normally you bypass the pumps, then it's gravity
7 fed into the disposal well?

8 A. Right, right.

9 Q All right. Trace for me what you do with the oil
10 that's separated out of the disposal water.

11 Q Okay. It goes into the sales tank, and it's rigged
12 to where we can circulate it through the heater or go back
13 in through this three hundred and wash it again, and back
14 into the sales tank and through the heater. That's the way
15 it's treated.

16 Q Where's this -- you said sales tank? Where is
17 that located?

18 A. It's in the center between the five hundred and
19 the three hundred.

20 Q All right. Do you have a market for that salvage
21 oil?

22 A. Permian Corporation.

23 Q All right. Now, you've indicated on the far left
24 side of the plat additional storage tanks. What is the
25 purpose of those storage tanks?

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

sid morish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 A. Okay. This is where we store most of our non-
2 salvageable oil to be disposed of later.

3 Q. The oil that you're unable to market is stored in
4 the tanks indicated on the left of the plat?

5 A. Right, the three two-fifties. We put some water
6 in there if we get in a bind, but most of it is just stored
7 tank bottoms that won't treat out.

8 Q. And then, how do you eventually dispose of the
9 stored tank bottoms?

10 A. We have been hauling it to the pollution control,
11 when we get a load.

12 Q. What is the volume of oil products sold to the
13 Permian Corporation?

14 A. It will vary from 150 barrels a month to, you know,
15 400 or 500. It mostly depends on how we treat it.

16 Q. Mr. Sparger, you have been furnished, within
17 the last thirty days, a proposed revised Oil Conservation
18 Commission Rule 3-111, have you not?

19 A. Right.

20 Q. And have you discussed the application of these
21 proposed rule changes with members of the Oil Conservation
22 Commission?

23 A. Sure have; we all went to a meeting.

24 Q. And where was that meeting?

25 A. In the Oil Commission office.

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 Q And approximately when did that meeting take place?

2 A Oh, twenty days ago, or something.

3 Q All right. The proposed rule change requires
4 certain reporting requirements, and forms to be completed by
5 you, as well as certain permits to be received by you from
6 the individual truckers, with regard to accounting of the oil
7 products prior to the time they enter the treatment plant, is
8 that correct?

9 A Right.

10 Q In your opinion, Mr. Sparger, do you see any
11 difficulty with the application of the proposed rule changes
12 insofar as they apply to your treatment plant?

13 A Well, we'll make them work. There's going to
14 have to be some revising done probably, but they'll work.

15 Q All right. In your opinion, Mr. Sparger, will
16 approval of this application be in the best interests of
17 conservation and the prevention of waste, and the protection
18 of correlative rights?

19 A I certainly think so.

20 Q And Exhibits 1, 2, and 3 were prepared under
21 your direction, were they not?

22 A Right.

23 MR. KELLAHIN: We move for the introduction of
24 Exhibits 1, 2, and 3.

25 MR. NUTTER: Applicant's Exhibits 1, 2, and 3

1 will be admitted in evidence.

2 MR. KELLAHIN: That concludes our direct
3 examination.

4 MR. NUTTER: Mr. Sparger, the oil comes into --
5 the salt water comes in at the fill line on your schematic
6 diagram, Exhibit No. 3, and then the water goes to the five
7 hundred barrel wash tank, you say?

8 MR. SPARGER: Everything goes to the five hundred
9 wash tank first. Then it separates from the oil, and has a
10 water leg, and all the water goes into the two-fifties and
11 the four hundreds.

12 MR. NUTTER: Okay. Now, I presume that the water
13 leg is the line that goes straight north to the second
14 two hundred and fifty tank, and to the northwest to the left-
15 hand two hundred and fifty; is that correct?

16 MR. SPARGER: Right.

17 MR. NUTTER: Water goes through one of those two
18 lines?

19 MR. SPARGER: Right.

20 MR. NUTTER: Now, where's the oil leg here?

21 MR. SPARGER: Okay. It comes off on the, well,
22 it would be the east side of that wash tank, and goes into
23 the two-fifty sales tank.

24 MR. NUTTER: Now, this is assuming that the oil
25 needs no further treatment?

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (305) 982-9212

sid morrison reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 MR. SPARGER: No, sir.
2 MR. NUTTER: Just separation in the wash tank,
3 isn't it?
4 MR. SPARGER: When we get a new sales tank, we
5 still have to circulate it through the heater and treat it on
6 down. That's just --
7 MR. NUTTER: That's what my next question was
8 going to be.
9 MR. SPARGER: -- what the wash tank was; yes, sir.
10 MR. NUTTER: Now, where does it go from the oil
11 sales tank, then?
12 MR. SPARGER: Permian buys it.
13 MR. NUTTER: When does it get the treatment?
14 MR. SPARGER: When it's in that sales tank. What
15 we do, we close that five hundred off until we get a tank
16 treated, and you know, hold the oil in it.
17 MR. NUTTER: And then you circulate the tank of
18 oil through the heated treater?
19 MR. SPARGER: Through the heated treater.
20 MR. NUTTER: Do you use chemicals in your treating
21 process, also?
22 MR. SPARGER: Right, sure do.
23 MR. NUTTER: So it's a combination of heat and
24 chemicals?
25 MR. SPARGER: Right

sid morrish reporting service
General Court Reporting Service
 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
 Phone (505) 982-9212

1 MR. NUTTER: So then the oil goes, after you've
 2 treated this, it goes back into the two hundred and fifty
 3 sales tank, and ready for Permian to pick it up?

4 MR. SPARGER: Right.

5 MR. NUTTER: And any oil that you cannot process,
 6 if the pipeline quality, goes to the non-salvageable oil tanks
 7 off to the left here?

8 MR. SPARGER: That's right.

9 MR. NUTTER: And you average 3,000 to 4,000 barrels
 10 of water disposal per month?

11 MR. SPARGER: Right.

12 MR. NUTTER: And anywhere from a 150 to 400 or 500
 13 barrels of oil.

14 MR. SPARGER: Uh-huh. We get a lot of tank
 15 bottoms out there. That's the reason we're having to do this.

16 MR. NUTTER: And a lot of those tank bottoms end
 17 up out here?

18 MR. SPARGER: Right.

19 MR. NUTTER: Are there any further questions
 20 of Mr. Sparger?

21 MR. KELLAHIN: No, sir.

22 MR. NUTTER: He may be excused. Do you have
 23 anything further, Mr. Kellahin?

24 MR. KELLAHIN: No, sir.

25 MR. NUTTER: Does anyone have anything that they

1 wish to offer in Case No. 6071? We'll take the case under
2 advisement.

3 (Hearing concluded.)
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

sid n.orrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceeding, to the best of my knowledge, skill,
and ability.

Sally Walton Boyd
Sally Walton Boyd, CSR

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Examination No. 6071
10/26 1977
New Mexico Oil Conservation Commission
Examined

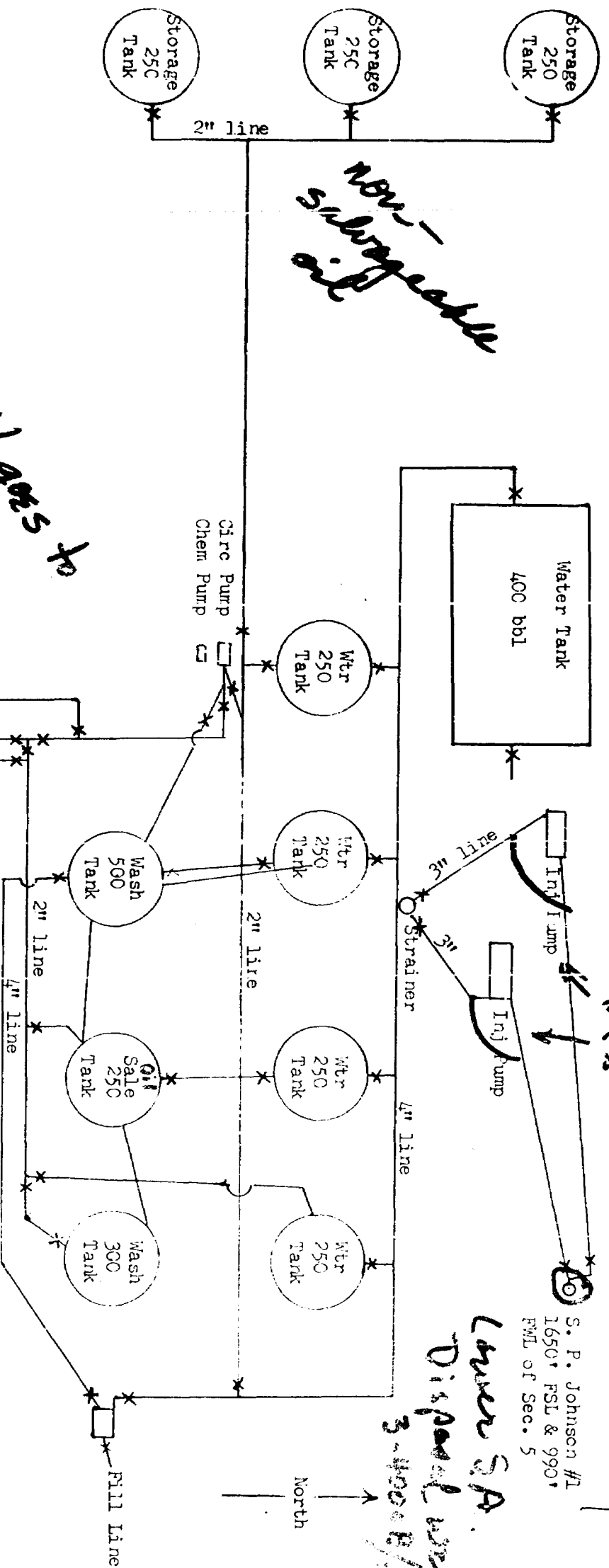
Down Slope Retaining Wall

Bypass lines for gravel injection

S. P. Johnson #1
1650' FSL & 990'
FWL of Sec. 5

Lower SA.
Disposal well
3-4000 ft

North



Non-saline water

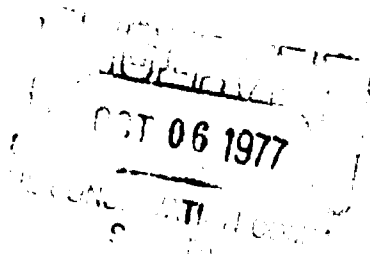
Oil goes to
Perryman
Conf. well
150 to 170' no.

Dewey E. Sparger
Johnson Salt Water Disposal
System & Treating Plant
NW/4, SW/4 Sec. 5, T18S, R39E
Lea County, New Mexico

Sparger

6071

3



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF DEWEY SPARGER FOR A TREATING
PLANT PERMIT, LEA COUNTY, NEW
MEXICO

A P P L I C A T I O N

COMES NOW, DEWEY E. SPARGER, by and through his attorneys,
Kellahin & Fox, and applies to the New Mexico Oil Conservation
Commission for a treating plant permit pursuant to NMOCC Rule
No. 312 and would show the Commission:

1. Applicant operates a saltwater disposal well named
the S. P. Johnson No. 1 well located in Unit L. Section 5,
Township 18 South, Range 39 East, Lea County, New Mexico.

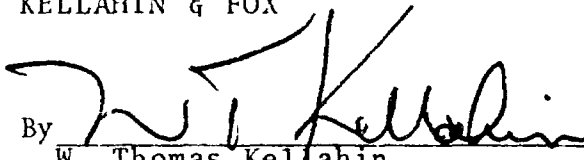
2. This is a public disposal well with water being
trucked from numerous sources. Oil present with the water
is settled out and sold to the Permian Corporation.

3. As a portion of the oil requires treating, applicant
seeks approval from the Commission pursuant to Rule 312.

WHEREFORE applicant applies to the New Mexico Oil Conser-
vation Commission for a treating plant permit to approve the
operation of an oil treating plant in conjunction with the
subject salt water disposal system which has a capacity of
1,000 barrels per day.

KELLAHIN & FOX

By


W. Thomas Kellahin
P. O. Box 1760
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

Dockets Nos. 36-77 and 37-77 are tentatively set for hearing on November 16 and 30, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 26, 1977

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

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

CASE 6052: (Continued from October 12, 1977 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Western Energy Corporation and all other interested parties to appear and show cause why the Ute Well No. 2 located in Unit O of Section 23, Township 31 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6047: (Continued from October 12, 1977 Examiner Hearing)

Application of Continental Oil Company for capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a capacity allowable for its Pearl "B" Wells Nos. 5 and 6, located in Units M and O, respectively, of Section 25, Township 17 South, Range 32 East, and its Pearl "B" Well No. 7 located in Unit M of Section 30, Township 17 South, Range 33 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

CASE 6071: Application of Dewey Sparger 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 permit for the purpose of treating oil at a site in the NW/4 SW/4 of Section 5, Township 18 South, Range 39 East, Lea County, New Mexico.

CASE 6072: Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Canyon production for its Travis Deep Unit Well No. 2, located in Unit G of Section 13, Township 18 South, Range 28 East, Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 80-acre spacing.

CASE 6073: Application of Cities Service Company for two unorthodox gas well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of its Government AD Well No. 2 located 2310 feet from the North line and 660 feet from the West line, and its Government AE Well No. 1 located 2310 feet from the South line and 1980 feet from the East line, both in Section 27, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico, the N/2 and S/2 of said Section 27 to be dedicated, respectively, to said wells.

CASE 6074: Application of Amerada Hess Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Otero-Chacra production in the wellbores of its Jicarilla Apache "A" Well No. 8 located in Unit N of Section 26 and its Jicarilla Apache "F" Well No. 12 located in Unit B of Section 22, both in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6075: Application of Amoco Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its South Mattix Unit Well No. 30 located 330 feet from the South and East lines of Section 15, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico.

CASE 6076: Application of E. L. Latham, Jr., Roy G. Barton, Jr., and R. L. Foree for a gas well curtailment and gas pool prorationing, Chaves County, New Mexico. Applicants, in the above-styled cause, seek an order temporarily shutting in, or limiting production from the La Rue and Muncy Nola Well No. 1, located in Unit O of Section 8, Township 14 South, Range 28 East, Sams Ranch Grayburg Gas Pool, Chaves County, New Mexico. Applicants further request that the Commission institute gas prorationing in said pool retroactively to date of first production and direct the gas purchaser(s) in said pool to take ratably from all wells in said pool.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

April 28, 1977

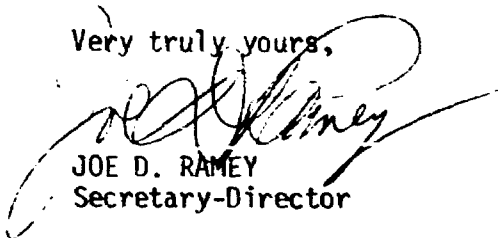
Daniels Insurance Incorporated
P. O. Box 1258
Hobbs, New Mexico 88240

Re: \$10,000 Treating Plant Bond,
Dewey Sparger, Principal,
Hartford Accident & Indemnity
Co., Surety, Bond No. 4331526

Gentlemen:

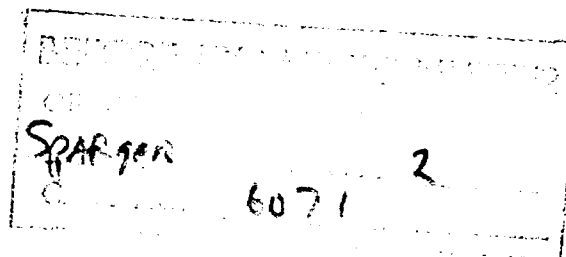
The Oil Conservation Commission hereby approves the above-captioned Treating Plant Bond.

Very truly yours,


JOE D. RAMEY
Secretary-Director

JDR/WEA/og

cc: Oil Conservation Commission
Artesia, Aztec, Hobbs



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. 6071
Order No. R-5562

APPLICATION OF DEWEY SPARGER FOR
AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 26, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of November, 1977, 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, Dewey Sparger, seeks authority to construct and operate a chemical and heat-treatment type oil treating plant in the NW/4 SW/4 of Section 5, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, for the reclamation of up to approximately 20 barrels of sediment oil per day to be obtained 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.

Case No. 6071
Order No. R-5562

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Dewey Sparger, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the NW/4 SW/4 of Section 5, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms and waste pits;

PROVIDED HOWEVER, that the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Commission;

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

(2) That the operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the 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 jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

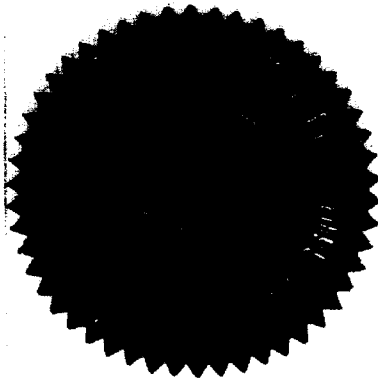
-3-

Case No. 6071

Order No. R-5562

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

Case 6071

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN and FOX
ATTORNEYS AT LAW
800 DON GASPAR AVENUE
P. O. BOX 1769
SANTA FE, NEW MEXICO 87501
OCT 06 1977
OIL CONSERVATION
Santa Fe

TELEPHONE 982-4318
AREA CODE 505

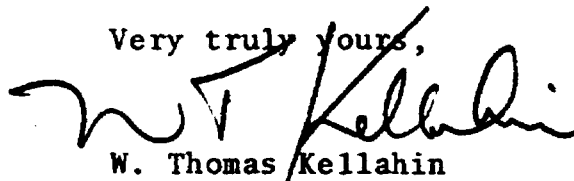
Mr. Dan Nutter
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Treating Plant Permit Application

Dear Dan:

Please set the enclosed application of Mr. Dewey E. Sparger for hearing at the Examiner Hearing set for October 26, 1977.

Very truly yours,


W. Thomas Kellahin

CC: Donna Holler

WTK:kfm

DRAFT

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. 6071

Order No. R- 5562

APPLICATION OF DEWEY SPARGER FOR
AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 26,
1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this day of , 1977, 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, Dewey Sparger, seeks authority to
construct and operate a chemical and heat-treatment type oil
treating plant in the NW/4 SW/4 of Section 5, Township 18 South,
Range 39 East, NMPM, Lea County, New Mexico, for the reclamation of
up to approximately 20 barrels of sediment oil per day to
be obtained 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 subject application should be approved as being in the best interests of conservation.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dewey Sparger, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the NW/4 SW/4 of Section 5, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms and waste pits;

PROVIDED HOWEVER, that the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Commission;

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

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

-3-
Case No. 6071
Order No. R-

(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~~ constitute a hazard to any fresh water supplies is hereby prohibited.

(5) 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.