

CASE 6616: WATSON TREATING PLANT FOR AN
OIL TREATING PLANT PERMIT, ROOSEVELT
COUNTY, NEW MEXICO.

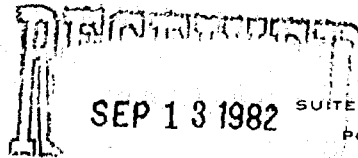
CASE NO.

55/6

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY
THOMAS F. BLUEHER



JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 13, 1982

Mr. Richard L. Stamets
Oil Conservation Division
New Mexico Department of Energy
& Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

*File Case
6616*

Re: New Mexico Oil Conservation Division Case No.
6616, Order No. R-6095; Watson Treating Plant.

Dear Mr. Stamets:

The enclosed letter dated September 13, 1982 is to replace the letter I sent you on September 7, 1982 which was identical to the enclosed letter, with the exception that the Watson Treatment Plant may need to increase their treatment production from 6,000 barrels monthly to as much as 20,000 barrels monthly. In the previous letter I accidentally used the word annually instead of monthly.

I hope this correction does not cause any problems or inconvenience.

Very truly yours,

Thomas F. Blueher
Thomas F. Blueher

TFB:jh
w/enc.

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
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SEP 13 1982
JEFFERSON PLACE
SUITE 1110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 13, 1982

Mr. Richard L. Stamets
Oil Conservation Division
New Mexico Department of Energy
& Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: New Mexico Oil Conservation Division Case No.
6616, Order No. R-6095; Watson Treating Plant.

Dear Mr. Stamets:

This letter is to notify you that the Watson Treating Plant in the SE/4 NW/4 of Section 34, Township 8 South, Range 35 East, N.M.P.M., Roosevelt County, New Mexico, may soon obtain a new contract with Cities Services which would increase their treatment production from 6,000 barrels monthly to as much as 20,000 barrels monthly. They will continue to operate the same chemical and heat treatment process as established in Order No. R-6095. As instructed in Order No. R-6095, Watson Treating Plant will continue to maintain appropriate dikes or dams to hold the entire capacity of all tanks and vessels at the plant location. Of course, the Watson Treating Plant will continue to maintain in a condition clear of all debris and vegetation a fire lane of at least fifteen (15) feet in width and encircling the entire site upon which the plant is located. Watson Treating Plant will continue to properly dispose of the waste water accumulated in its treatment process. Further, Watson Treating Plant shall continually comply with the laws of New Mexico and regulations of the New Mexico Oil Conservation Division.

We request that this notification be accepted and filed in the appropriate Oil Conservation Division records. If we may be of any assistance, please do not hesitate to let us know.

Very truly yours,

Thomas F. Blueher

Thomas F. Blueher

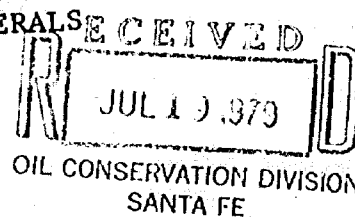
TFB:jh

cc: Mrs. Watson

BEFORE THE OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO



IN THE MATTER OF THE
APPLICATION OF WATSON
TREATING PLANT FOR A
TREATING PLANT PERMIT,
ROOSEVELT COUNTY, NEW
MEXICO.

CASE 6616

APPLICATION

COMES NOW Watson Treating Plant, a sole proprietorship, by their undersigned attorneys, and hereby makes application for a treating plant permit and in support of this application would show the Commission:

1. That its principal place of business is located in Roosevelt County, 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 Division.
3. That the proposed location of the treating plant is in the Southeast Quarter (SE/4) of the Northwest Quarter (NW/4) of Section 34, Township 8 South, Range 35 East, N.M.P.M., Roosevelt County, New Mexico.
4. That the type and capacity of the plant is as follows:
 - a. One 500 barrel storage tank for incoming tank bottoms and sediment oil.
 - b. One hot oil burner from Levelland Murrell Welding with a capacity of 120 barrels per hour.
 - c. One 500 barrel clean oil tank.
 - d. Incoming product to be treated with chemicals if necessary and then transferred through the hot oil burner and then into storage for transmission to

- purchaser.
- e. The capacity of the plant is dependent upon the amount of incoming product.

Watson Treating Plant requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 8, 1979, that notice be given as required by law and the rules of the Division, and that this application for a treating plant permit be approved.

Respectfully submitted,
CAMPBELL AND BLACK, P.A.

By William F. Carr
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

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. 6616
Order No. R-6095

APPLICATION OF WATSON TREATING
PLANT FOR AN OIL TREATING PLANT
PERMIT, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 8, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of September, 1979, 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, Watson Treating Plant, seeks authority to construct and operate a chemical and heat-treatment type oil treating plant in the SE/4 NW/4 of Section 34, Township 8 South, Range 35 East, NMPM, Roosevelt County, New Mexico, for the reclamation of up to approximately 200 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.

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Case No. 6616
Order No. R-6095

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Watson Treating Plant, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the SE/4 NW/4 of Section 34, Township 8 South, Range 35 East, NMPM, Roosevelt 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 Division;

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

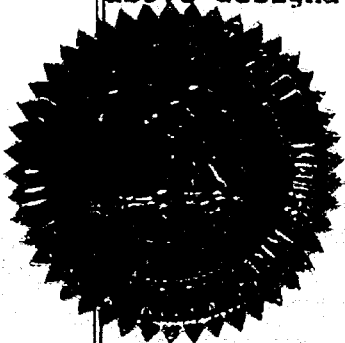
(4) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard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

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

-3-

Case No. 6616
Order No. R-6095

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fa/

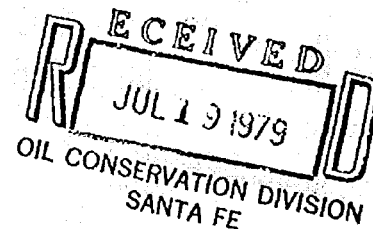
CAMPBELL AND BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
PAUL R. CALDWELL

POST OFFICE BOX 2208
JEFFERSON PLACE
SANTA FE, NEW MEXICO 87501
TELEPHONE (505) 988-4421

July 19, 1979



Joe D. Ramey, Director
Oil Conservation Division
New Mexico Department of Energy
and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Watson Treating Plant for Treating Plant
Permit, Roosevelt County, New Mexico.

Dear Mr. Ramey:

Enclosed for filing in triplicate is the Application of
Watson Treating Plant in the above-referenced matter.
We would appreciate this case being included in the
examiner hearing scheduled for August 8, 1979.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William F. Carr". The signature is fluid and cursive, with a large, stylized "W" and "C".

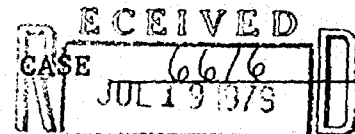
William F. Carr

WFC: ng
Enclosure

cc: Watson Treating Plant
Post Office Box 75
Tatum, New Mexico 88267
(w/enclosure)

BEFORE THE OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

IN THE MATTER OF THE
APPLICATION OF WATSON
TREATING PLANT FOR A
TREATING PLANT PERMIT,
ROOSEVELT COUNTY, NEW
MEXICO.



OIL CONSERVATION DIVISION
SANTA FE

APPLICATION

COMES NOW Watson Treating Plant, a sole proprietorship, by their undersigned attorneys, and hereby makes application for a treating plant permit and in support of this application would show the Commission:

1. That its principal place of business is located in Roosevelt County, 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 Division.
3. That the proposed location of the treating plant is in the Southeast Quarter (SE/4) of the Northwest Quarter (NW/4) of Section 34, Township 8 South, Range 35 East, N.M.P.M., Roosevelt County, New Mexico.
4. That the type and capacity of the plant is as follows:
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 - c. One 500 barrel clean oil tank.
 - d. Incoming product to be treated with chemicals if necessary and then transferred through the hot oil burner and then into storage for transmission to

purchaser.

- e. The capacity of the plant is dependent upon the amount of incoming product.

Watson Treating Plant requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on August 8, 1979, that notice be given as required by law and the rules of the Division, and that this application for a treating plant permit be approved.

Respectfully submitted,
CAMPBELL AND BLACK, P.A.

By William F. Carr
William F. Carr
Attorneys for Applicant
Post Office Box 2208
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3920 Plaza Blanca (SOS) 471-2482
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
8 August 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Watson Treating) CASE
Plant for an oil treating plant) 6616
permit, Roosevelt County, New)
Mexico.)

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 for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

William F. Carr, Esq.
CAMPBELL AND BLACK P. A.
Jefferson Place
Santa Fe, New Mexico 87501

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I N D E X

WILLIAM BEN WATSON

Direct Examination by Mr. Carr	3
Cross Examination by Mr. Stamets	9

E X H I B I T S

Applicant Exhibit A, Letter and Photos	5
Applicant Exhibit B, Diagram	6

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87101

1 MR. STAMETS: We'll call next Case 6616.

2 MR. PADILLA: Application of Watson
3 treating Plant for an oil treating plant permit, Roosevelt
4 County, New Mexico.

5 MR. STAMETS: Call for appearances in this
6 case.

7 MR. CARR: Mr. Examiner, I am William F.
8 Carr, Campbell and Black, P. A., representing the applicant.
9 I have one witness.

10 MR. STAMETS: I'd like to have him stand
11 and be sworn, please.

12
13 (Witness sworn.)

14
15 WILLIAM BEN WATSON
16 being called as a witness and having been duly sworn upon
17 his oath, testified as follows, to-wit:

18
19 DIRECT EXAMINATION

20 BY MR. CARR:

21 Q Will you state your name and place of
22 residence?

23 A I'm William Ben Watson, Tatum, New Mexico.

24 Q Mr. Watson, by whom are you employed and
25 in what capacity?

1 A I'm self-employed.

2 Q Have you previously testified before this
3 Commission?

4 A No, I haven't.

5 Q Would you summarize for the Examiner your
6 work experience?

7 A Oh, I started in the oil field in '49 and
8 I bought oil for Bruce Burney and Western Oil and then I
9 pumped for sixteen years and then I run a treating plant
10 for the late Jack Gibbons for seven months.

11 Q And what are you seeking with this appli-
12 cation here today?

13 A A treating plant to treat tank bottoms,
14 for sediment oil.

15 MR. CARR: Mr. Examiner, are the witness'
16 qualifications acceptable?

17 MR. STAMETS: The witness is recognized
18 as a qualified practical oil man.

19 Q (Mr. Carr continuing.) Mr. Watson, would
20 you tell the Examiner what is the location of your proposed
21 treating plant?

22 A It would be in the southwest quarter of
23 the northwest quarter of Section 34, Township 8 South,
24 Range 35 East, Roosevelt County.

25 Q And, Mr. Watson, is this State, Federal,

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (S.W.) 471-2482
Santa Fe, New Mexico 87501

1 or fee land?

2 A. State land.

3 Q And what would be your source of supply
4 for this treating plant?

5 A. It would tank bottoms and sediment oil
6 from the oil company leases.

7 Q And how are you going to collect these
8 tank bottoms and sediment oil?

9 A. By a vacuum truck.

10 Q And what are you going to be doing with
11 the waste water that will result from your operations?

12 A. I'll carry it to New Mexico Salt Water
13 Disposal.

14 Q And you have made arrangements with them?

15 A. I have made.

16 Q Will you refer to what has been marked
17 for identification as Exhibit Number A, and explain to the
18 Examiner what it is and what it shows?

19 A. It will be a --

20 Q For the record, this is a copy of a letter
21 with eight photographs attached that are numbered one
22 through eight.

23 A. Number one is looking down into the top
24 of a burner box.

25 And number two is the top of a burner box

1 and its insulation.

2 Number three is a burner box.

3 MR. STAMETS: Little slower.

4 A And number four is the burners, a total
5 of 126 burner jets.

6 Number five is the 2-inch heating coil,
7 which is 635 feet of 2-inch pipe. The top four layers are
8 finned.

9 Number six is a box that looks installed
10 on a truck with 30-foot axle; fire extinguisher piped into
11 the box.

12 Number seven is the inlet on the left
13 side and an outlet on the right side.

14 Number eight is the burners and electric
15 pilot light installed in the box. This heating unit can
16 be thermostatic controlled, which I plan to do.

17 Q Now, Mr. Watson, these are all photo-
18 graphs of the type of oil burner which you plan to use at
19 the proposed plant.

20 A Right.

21 Q And are you planning to install this
22 burner on a truck or will it be mounted at the location?

23 A Stationary.

24 Q It will be stationary. Now, will you
25 refer to what has been marked as Applicant's Exhibit Number

1 B and explain this to the Examiner?

2 A Well, I have three 500-barrel tanks to
3 start with, and which I'll use one of those to put the
4 tank bottoms in, or two of them, to either put the tank
5 bottoms in them and the water in one, and pull those out,
6 go through the burner and come back with my treated oil
7 into one of those tanks ready for pipeline.

8 Q Are you going to have to treat the product
9 with chemicals before you run it through the burner?

10 A If necessary. Some of it will be treated
11 with chemicals and some of it will just be treated.

12 Q And the rectangular box around your tank
13 battery, what does that indicate?

14 A A firewall the capacity of the storage
15 tanks.

16 Q Now, what will the capacity of this plant
17 be?

18 A 120 barrels an hour is what I can treat.

19 Q That's what you can treat.

20 A At full capacity.

21 Q How close is this plant to the nearest
22 producing well?

23 A The nearest producing well is one-half
24 mile south of the plant.

25 Q And are you prepared to furnish the Com-

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3028 Plaza Blanca (G&S) 471-2482
Santa Fe, New Mexico 87501

1 mission with the required \$10,000 performance bond?

2 A. Yes.

3 Q And will you keep all records and make
4 all reports that are required by the Commission rules and
5 regulations?

6 A. Yes.

7 Q Now, what measures do you plan to under-
8 take for fire control?

9 A. We're figuring on using fire extinguishers
10 or whatever the Oil Commission requires.

11 Q How soon are you planning to commence
12 operations?

13 A. Oh, within the next sixty days.

14 Q In your opinion will granting this appli-
15 cation allow the recovery of oil which would otherwise --
16 otherwise might not be recovered?

17 A. Right.

18 Q Were Exhibits A and B prepared either by
19 you or have you reviewed them and can testify as to their
20 accuracy?

21 A. Yes, they've been reviewed by me.

22 Q Okay.

23 MR. CARR: At this time, Mr. Examiner,
24 we would offer into evidence Applicant's Exhibits A and B.

25 MR. STAMETS: These exhibits will be ad-

1 mitted.

2 MR. CARR: I have nothing further on
3 direct.

4
5 CROSS EXAMINATION

6 BY MR. STAMETS:

7 Q Okay, now I want to be clear here.
8 Your pictures indicate that this burner
9 is mounted on a truck.

10 A Yes, but it can be used either way. That
11 burner is mounted on a truck, which they do go to the oil
12 field and treat oil where the companies don't have facilities
13 to treat it such as I'm trying to do.

14 Q Okay, now what are you going to do, drive
15 this truck up to your burner location and circulate the oil
16 in your tanks or are you going to take the burner off the
17 truck and install in permanently here?

18 A I will just buy a burner and install it
19 permanently at the location where the tanks is at and haul
20 it in with a vacuum truck and run it from the tanks through
21 the burner and back into the tanks, and then it should be
22 pipeline oil.

23 Q Okay. Now your firewall, I believe you
24 said would be equal to the tank volume?

25 A Yes, it would be -- the firewall will be

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (S.O.S.) 471-2462
Santa Fe, New Mexico 87501

1 a bigger capacity than what my tank volume is.

2 Q Would be more than?

3 A Yeah, more than equal.

4 Q And it's typical in a situation like this,
5 no matter how many times you run that oil through there
6 you always have a certain amount of sediment oil that re-
7 sists treatment. What do you plan to do with the -- this
8 final untreated oil?

9 A Well, I really hadn't run into that prob-
10 lem yet or I didn't on the other one, but I --

11 Q So you don't anticipate that you're going
12 to have to have to dispose of any hydrocarbon waste from
13 this system.

14 A I'm not counting on it.

15 Q Okay, very good. Are you going to have
16 any type of a surface pit at this location to contain any
17 fluids?

18 A No, sir.

19 Q Okay. You indicated the waste water would
20 go to the New Mexico Salt Water Disposal System.

21 A That's correct.

22 Q Is that through injection wells or is that
23 some surface disposal system?

24 A It's injection wells.

25 MR. STAMETS: Are there any other questions

1 of the witness?

2 MR. CARR: No other questions.

3 MR. STAMETS: He may be excused.

4 Anything further in this case?

5 MR. CARR: Nothing further.

6 MR. STAMETS: The case will be taken

7 under advisement.

8

9 (Hearing concluded.)

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY
 CERTIFY that the foregoing and attached 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, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.

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

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3020 Plaza Blanca (508) 471-2462
 Santa Fe, New Mexico 87501

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
8 August 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Watson Treating) CASE
Plant for an oil treating plant) 6616
permit, Roosevelt County, New)
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BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

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For the Oil Conservation
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Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

William F. Carr, Esq.
CAMPBELL AND BLACK P. A.
Jefferson Place
Santa Fe, New Mexico 87501

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CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

I N D E X

WILLIAM BEN WATSON

Direct Examination by Mr. Carr

3

Cross Examination by Mr. Stamets

9

E X H I B I T S

Applicant Exhibit A, Letter and Photos

5

Applicant Exhibit B, Diagram

6

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CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

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22 residence?

23 A I'm William Ben Watson, Tatum, New Mexico.

24 Q Mr. Watson, by whom are you employed and
25 in what capacity?

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1 A. I'm self-employed.

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21 treating plant?

22 A. It would be in the southwest quarter of
23 the northwest quarter of Section 34, Township 8 South,
24 Range 35 East, Roosevelt County.

25 Q And, Mr. Watson, is this State, Federal,

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 or fee land?

2 A. State land.

3 Q. And what would be your source of supply
4 for this treating plant?

5 A. It would tank bottoms and sediment oil
6 from the oil company leases.

7 Q. And how are you going to collect these
8 tank bottoms and sediment oil?

9 A. By a vacuum truck.

10 Q. And what are you going to be doing with
11 the waste water that will result from your operations?

12 A. I'll carry it to New Mexico Salt Water
13 Disposal.

14 Q. And you have made arrangements with them?

15 A. I have made.

16 Q. Will you refer to what has been marked
17 for identification as Exhibit Number A, and explain to the
18 Examiner what it is and what it shows?

19 A. It will be a --

20 Q. For the record, this is a copy of a letter
21 with eight photographs attached that are numbered one
22 through eight.

23 A. Number one is looking down into the top
24 of a burner box.

25 And number two is the top of a burner box

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Santa Fe, New Mexico 87501

Page 6

1 and its insulation.

2 Number three is a burner box.

3 MR. STAMETS: Little slower.

4 A. And number four is the burners, a total
5 of 126 burner jets.

6 Number five is the 2-inch heating coil,
7 which is 635 feet of 2-inch pipe. The top four layers are
8 finned.

9 Number six is a box that looks installed
10 on a truck with 30-foot axle; fire extinguisher piped into
11 the box.

12 Number seven is the inlet on the left
13 side and an outlet on the right side.

14 Number eight is the burners and electric
15 pilot light installed in the box. This heating unit can
16 be thermostatic controlled, which I plan to do.

17 Q. Now, Mr. Watson, these are all photo-
18 graphs of the type of oil burner which you plan to use at
19 the proposed plant.

20 A. Right.

21 Q. And are you planning to install this
22 burner on a truck or will it be mounted at the location?
23

24 A. Stationary.

25 Q. It will be stationary. Now, will you
26 refer to what has been marked as Applicant's Exhibit Number

1 B and explain this to the Examiner?

2 A Well, I have three 500-barrel tanks to
3 start with, and which I'll use one of those to put the
4 tank bottoms in, or two of them, to either put the tank
5 bottoms in them and the water in one, and pull those out,
6 go through the burner and come back with my treated oil
7 into one of those tanks ready for pipeline.

8 Q Are you going to have to treat the product
9 with chemicals before you run it through the burner?

10 A If necessary. Some of it will be treated
11 with chemicals and some of it will just be treated.

12 Q And the rectangular box around your tank
13 battery, what does that indicate?

14 A A firewall the capacity of the storage
15 tanks.

16 Q Now, what will the capacity of this plant
17 be?

18 A 120 barrels an hour is what I can treat.

19 Q That's what you can treat.

20 A At full capacity.

21 Q How close is this plant to the nearest
22 producing well?

23 A The nearest producing well is one-half
24 mile south of the plant.

25 Q And are you prepared to furnish the Com-

SALLY WALTON BOYD
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Santa Fe, New Mexico 87501

1 mission with the required \$10,000 performance bond?

2 A. Yes.

3 Q. And will you keep all records and make
4 all reports that are required by the Commission rules and
5 regulations?

6 A. Yes.

7 Q. Now, what measures do you plan to under-
8 take for fire control?

9 A. We're figuring on using fire extinguishers
10 or whatever the Oil Commission requires.

11 Q. How soon are you planning to commence
12 operations?

13 A. Oh, within the next sixty days.

14 Q. In your opinion will granting this appli-
15 cation allow the recovery of oil which would otherwise --
16 otherwise might not be recovered?

17 A. Right.

18 Q. Were Exhibits A and B prepared either by
19 you or have you reviewed them and can testify as to their
20 accuracy?

21 A. Yes, they've been reviewed by me.

22 Q. Okay.

23 MR. CARR: At this time, Mr. Examiner,
24 we would offer into evidence Applicant's Exhibits A and B.

25 MR. STAMETS: These exhibits will be ad-

1 mitted.

2 MR. CARR: I have nothing further on
3 direct.

4
5 CROSS EXAMINATION

6 BY MR. STAMETS:

7 Q Okay, now I want to be clear here.

8 Your pictures indicate that this burner
9 is mounted on a truck.

10 A Yes, but it can be used either way. That
11 burner is mounted on a truck, which they do go to the oil
12 field and treat oil where the companies don't have facilities
13 to treat it such as I'm trying to do.

14 Q Okay, now what are you going to do, drive
15 this truck up to your burner location and circulate the oil
16 in your tanks or are you going to take the burner off the
17 truck and install in permanently here?

18 A I will just buy a burner and install it
19 permanently at the location where the tanks is at and haul
20 it in with a vacuum truck and run it from the tanks through
21 the burner and back into the tanks, and then it should be
22 pipeline oil.

23 Q Okay. Now your firewall, I believe you
24 said would be equal to the tank volume?

25 A Yes, it would be -- the firewall will be

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3020 Plaza Blanca (995) 471-2482
Santa Fe, New Mexico 87501

1 a bigger capacity than what my tank volume is.

2 Q Would be more than?

3 A Yeah, more than equal.

4 Q And it's typical in a situation like this,
5 no matter how many times you run that oil through there
6 you always have a certain amount of sediment oil that re-
7 sists treatment. What do you plan to do with the -- this
8 final untreated oil?

9 A Well, I really hadn't run into that prob-
10 lem yet or I didn't on the other one, but I --

11 Q So you don't anticipate that you're going
12 to have to have to dispose of any hydrocarbon waste from
13 this system.

14 A I'm not counting on it.

15 Q Okay, very good. Are you going to have
16 any type of a surface pit at this location to contain any
17 fluids?

18 A No, sir.

19 Q Okay. You indicated the waste water would
20 go to the New Mexico Salt Water Disposal System.

21 A That's correct.

22 Q Is that through injection wells or is that
23 some surface disposal system?

24 A It's injection wells.

25 MR. STAMETS: Are there any other questions

1 of the witness?

MR. CARR: No other questions.

MR. STAMETS: He may be excused.

Anything further in this case?

MR. CARR: Nothing further.

MR. STAMETS: The case will be taken

under advisement.

(Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3019 Plaza Blanca (306) 471-2462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY
 CERTIFY that the foregoing and attached 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, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
 Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 6616
 heard by me on 8-8 1979.
Richard H. Smith, Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3020 Plaza Blanca (SOS) 471-2462
 Santa Fe, New Mexico 87501

Dockets Nos. 32-79 and 33-79 are tentatively set for hearing on August 22 and September 5, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - AUGUST 7, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6590: (Continued from July 25, 1979, Examiner Hearing)

Application of Grace Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9, 10, 15, and 16 and the SE/4 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6612: Application of Gulf Oil Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9 thru 16 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6555: (DE NOVO)

Application of Jake L. Hamon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 560 feet from the East line of Section 30, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, all of said Section 30 to be dedicated to the well.

Upon application of Texas Oil & Gas Corp. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6596: (Continued from July 24, 1979, Commission Hearing)

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 Upper Pennsylvanian gas pool to be designated as the Southeast Indian Basin-Upper Pennsylvanian Gas Pool for its Southeast Indian Basin Well No. 1 located in Unit A of Section 23, Township 22 South, Range 23 East, and special pool rules therefor including 320-acre gas well spacing.

CASE 6597: (Continued from July 24, 1979, Commission Hearing)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Southeast Indian Basin Well No. 2, an Upper Pennsylvanian well to be drilled 660 feet from the North and West lines of Section 24, Township 22 South, Range 23 East, with the N/2 or all of said Section 24 to be dedicated to the well, depending on the outcome of Case No. 6596.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 8, 1979

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. Nutter, Alternate Examiner:

- CASE 6613: Application of Grace Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Smith Ranch Unit Area, comprising 1,600 acres, more or less, of State and federal lands in Township 20 South, Range 33 East.
- CASE 6602: (Continued from July 25, 1979, Examiner Hearing)
Application of Tenneco Oil Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 33 C No. 2 Well 1010 feet from the North line and 1710 feet from the West line of Section 33, Township 17 South, Range 29 East, South Empire-Wolfcamp Pool, the E/2 NW/4 of said Section 33 to be dedicated to the well.
- CASE 6611: (Continued from July 25, 1979, Examiner Hearing)
Application of Cabot Corp. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the disposal of produced salt water in the Devonian formation through the perforated interval from 12,156 feet to 12,574 feet in its Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, King Field.
- CASE 6614: Application of Texaco Inc. for the amendment of Order No. R-4442, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4442 to remove the top unit allowable restriction from producing wells in the Vacuum Grayburg San Andres Unit which are offset by "lease line" injection wells.
- CASE 6615: Application of Southland Royalty Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Kutz-Gallup and Basin-Dakota production in the wellbore of its Frontier "E" Well No. 1 located in Unit O of Section 4, Township 27 North, Range 11 West.
- CASE 6616: Application of Watson Treating Plant for an oil treating plant permit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 NW/4 of Section 34, Township 8 South, Range 35 East.
- CASE 6617: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Otero-Gallup production in the wellbore of its Jicarilla 67 Well No. 10 located in Unit M of Section 30, Township 25 North, Range 5 West.
- CASE 6618: 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 Yates gas pool for its DEPCO Federal Well No. 1 located in Unit D of Section 19, Township 18 South, Range 29 East, and special rules therefor, including 80-acre gas well spacing.
- CASE 6619: Application of Harvey E. Yates Company for an unorthodox well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 62.75-acre non-standard Yates gas proration unit comprising Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, to be dedicated to its DEPCO Federal Well No. 1 drilled 330 feet from the North line and 660 feet from the West line of said Section 19.
- CASE 6620: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Austin Monteith Well No. 1 located in Unit K of Section 8, Township 14 South, Range 36 East.
- CASE 6621: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the S/2 of Section 4, Township 18 South, Range 29 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well. (This case will be dismissed.)

CASE 6601: (Continued from July 25, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the E/2 of Section 8, Township 14 South, Range 36 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6622: Application of Adams Exploration Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 15, 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6623: Application of Penroc Oil Corporation for approval of infill drilling and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the recompletion in the Morrow formation of its Dero "A" Federal Well No. 1 located in Unit N of Section 35, Township 19 South, Range 28 East, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6624: Application of Belco Petroleum Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a well to be located in Unit K of Section 31, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6625: Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be located 660 feet from the North line and 1315 feet from the East line of Section 30, Township 20 South, Range 27 East, the E/2 of said Section 30 to be dedicated to the well.

CASE 6603: (Continued from July 25, 1979, Examiner Hearing)

Application of Conoco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Penrose Skelly and Eumont production in the wellbore of its Hawk B-1 Well No. 12 located in Unit O of Section 8, Township 21 South, Range 37 East.

CASE 6587: (Continued and Readvertised)

Application of Caribou Four Corners, Inc., for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Kirtland Well No. 4 located 1450 feet from the North line and 595 feet from the West line of Section 18, Township 29 North, Range 14 West.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 15, 1979

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. Nutter, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for September, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for September, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

MURRELL'S WELDING WORKS, INC.

TELEPHONE 894-3616
P. O. BOX 1338, LEVELLAND, TEXAS 79336

August 3, 1979

PACEMAKER
HOT OIL UNIT

Ben Watson
P.O. Box 75
Tatum, New Mexico 88267

Sir:

I hope these photos will be sufficient:

Photo # 1 is looking down into the top of the box,
without burners or coil.

2 is the top of the box - it is insulated.

3 is the burner box.

4 is the burners. A total of 126 burner jets.

5 is the 2" heating coil which 635' of 2" pipe.
The top 4 layers are finned.

6 is the box as looks installed on a truck w/30#
Ansul fireextinguisher piped into the box.

7 is the in let on the left and out let on the right.

8 is the burners and electric pilot light installed
in the box. This heating unit can be thermostatic
control w/Kim-Ray Valves.

Bill G. Brown
Bill G. Brown

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. A

CASE NO. 6616

Submitted by APPLICANT

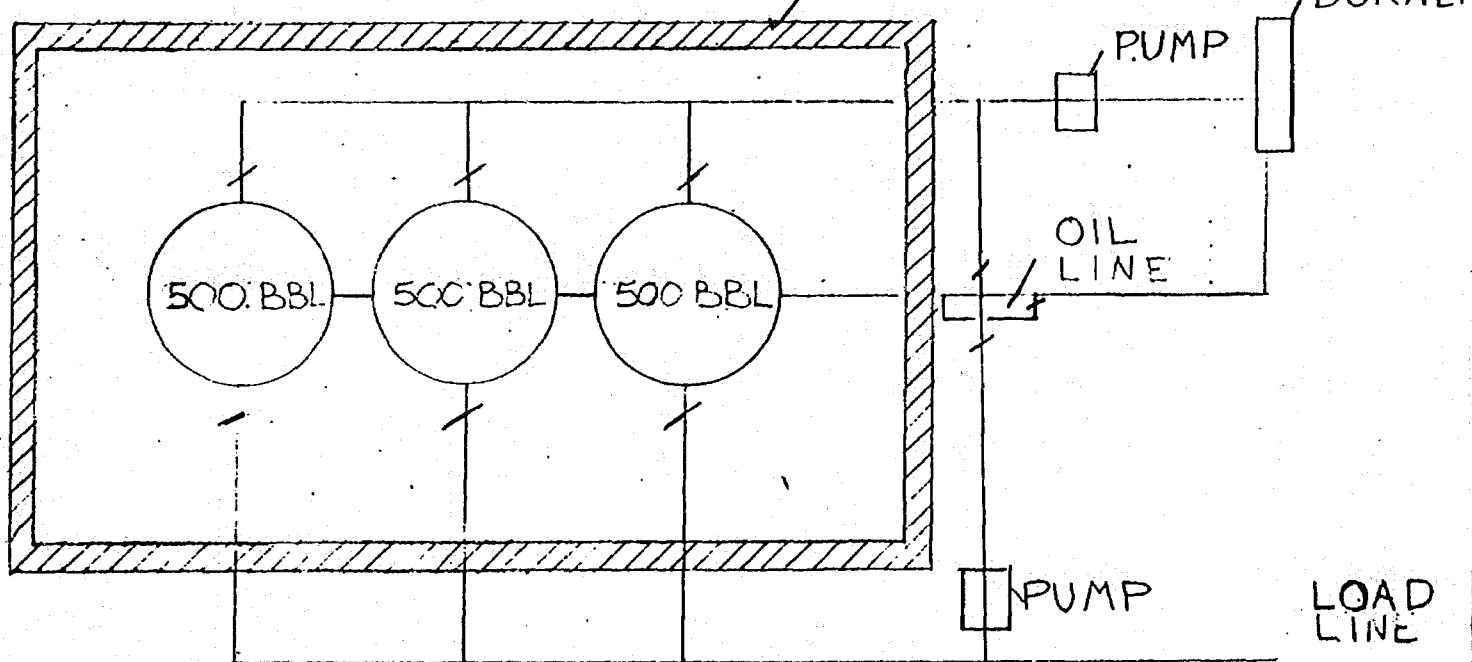
Hearing Date AUG. 8, 1979

DEPENDABLE OIL FIELD SERVICE

NOTE: NOT TO SCALE
 DIKE BUILT TO OVER
 100% TANK CAPACITY

2 for bottoms
 1 for water

fire well more than
 50 tank vol



BEFORE EXAMINER STAMETS
 OIL CONSERVATION DIVISION

EXHIBIT NO. B

CASE NO. 6616

Submitted by APPLICANT

Hearing Date AUG 8, 1979

MURRELL'S WELDING WORKS, INC.

TELEPHONE 894-3616
P. O. BOX 1338, LEVELLAND, TEXAS 79336

August 3, 1979



Ben Watson
P.O. Box 75
Tatum, New Mexico 88267

Sir:

I hope these photos will be sufficient:

Photo # 1 is looking down into the top of the box, without burners or coil.

2 is the top of the box - it is insulated.

3 is the burner box.

4 is the burners. A total of 126 burner jets.

5 is the 2" heating coil which 635' of 2" pipe. The top 4 layers are finned.

6 is the box as looks installed on a truck w/30# Ansul fireextinguisher piped into the box.

7 is the in let on the left and out let on the right.

8 is the burners and electric pilot light installed in the box. This heating unit can be thermostatic control w/Kim-Ray Valves.

Bill G. Brown
Bill G. Brown

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. A

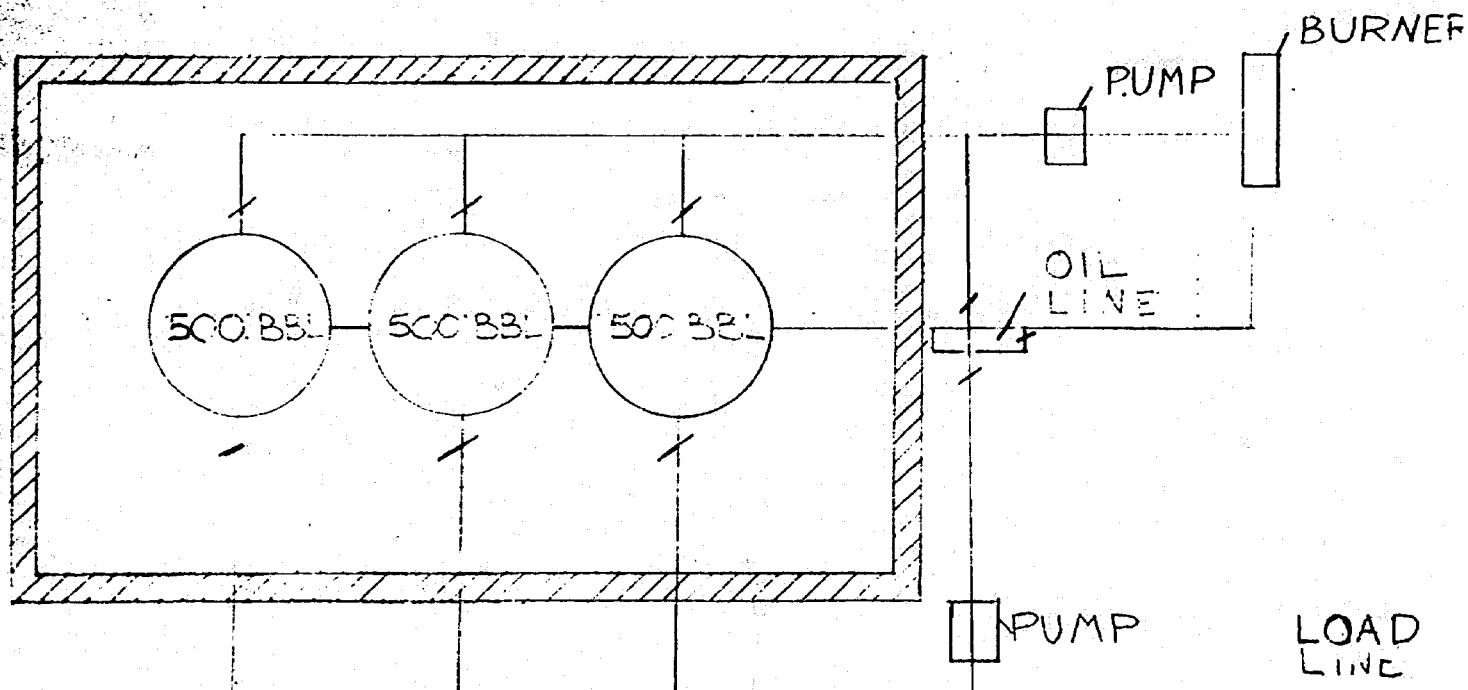
CASE NO. 6616

Submitted by APPLICANT

Hearing Date AUG. 8, 1979

DEPENDABLE OIL FIELD SERVICE

NOTE NOT TO SCALE
DIKE BUILT TO OVER
100% TANK CAPACITY



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. B

CASE NO. 6616

Submitted by APPLICANT

Hearing Date Aug. 8, 1979



MURRELL'S WELDING WORKS, INC.

TELEPHONE 894-3616
P. O. BOX 1338, LEVELLAND, TEXAS 79336

August 3, 1979



Ben Watson
P.O. Box 75
Tatum, New Mexico 88267

Sir:

I hope these photos will be sufficient:

Photo # 1 is looking down into the top of the box, without burners or coil.

2 is the top of the box - it is insulated.

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8 is the burners and electric pilot light installed in the box. This heating unit can be thermostatic control w/Kim-Ray Valves.

Bill G. Brown
Bill G. Brown

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. A

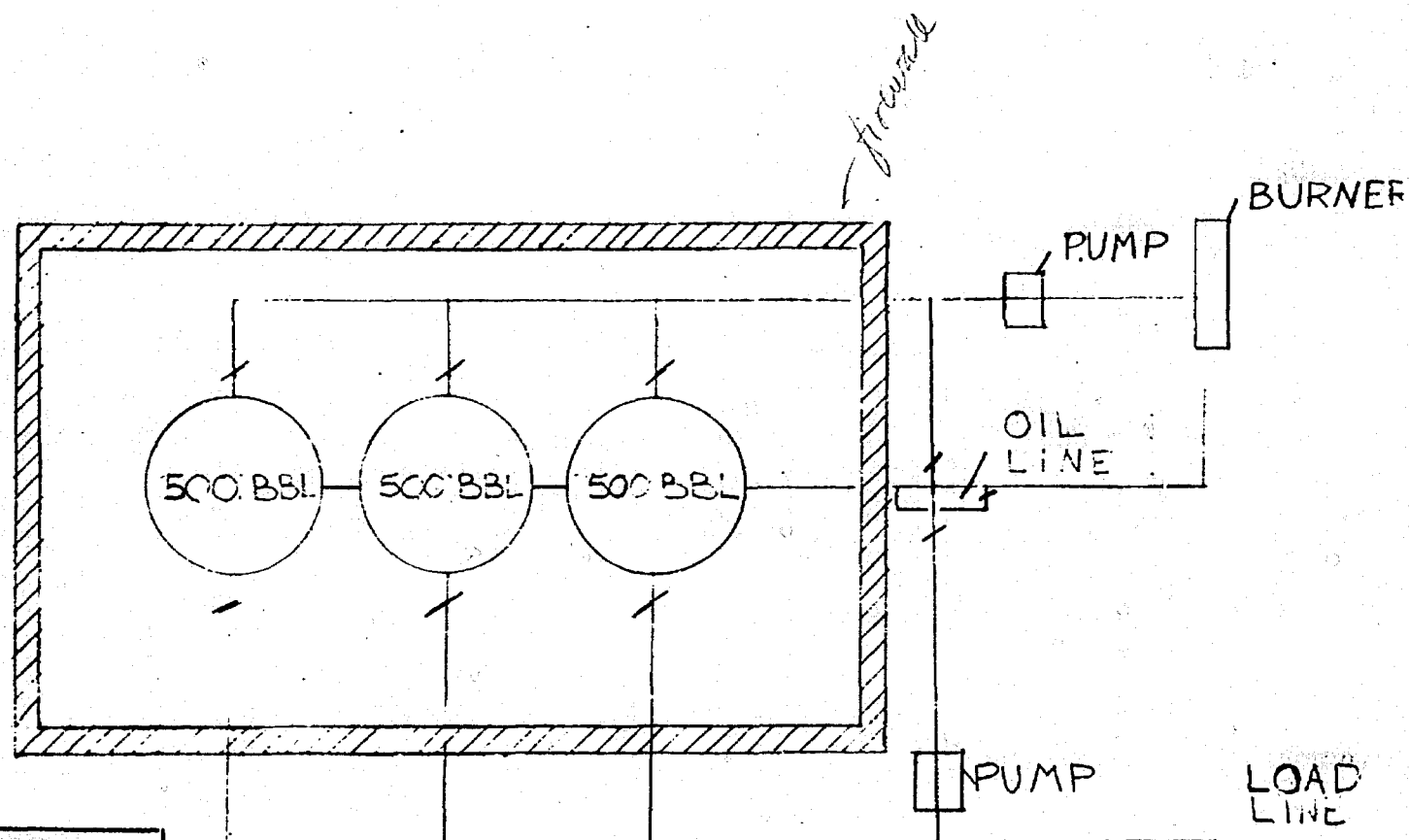
CASE NO. 6616

Submitted by APPLICANT

Hearing Date AUG. 8, 1979

DEPENDABLE OIL FIELD SERVICE

NOTE: NOT TO SCALE
DIKE BUILT TO OVER
100% TANK CAPACITY



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. B

CASE NO. 6616

Submitted by APPLICANT

Hearing Date AUG. 8, 1979

ROUGH

dr/

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. 6616

Order No. R-6095

APPLICATION OF WATSON TREATING
PLANT FOR AN OIL TREATING PLANT
PERMIT, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 8
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of August, 19 79, 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, Watson Treating Plant, seeks authority
to construct and operate a chemical and heat-treatment type
oil treating plant in the SE/4 NW/4 of Section 34, Township 8
South, Range 35 East, NMPM, Roosevelt County, New Mexico, for the
reclamation of up to approximately 200 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 two water holding and settling pits proposed by applicant should be constructed in accordance with the Division's "Specifications For the Design and Construction of Lined Evaporation Pits" with the exception of Section 2(A) concerning minimum surface area.

(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, Watson Treating Plant, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the SE/4 NW/4 of Section 34, Township 8 South, Range 35 East, NMPM, Roosevelt 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 Division;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Division 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 two water holding and settling pits proposed by the applicant for the subject installation shall be constructed in accordance with the Division's "Specifications For The Design and Construction of Lined Evaporation Pits," except that Section 2(A) of said specifications shall not be applicable.

(5) 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.

(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 herein-above designated.

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To

Called Lm July 18, 1979
by Bill Carr

Application of Watson Treating
Plant for an oil treating plant
permit, Roosevelt County.

SE 14 NW 14

Section 34, T8S, R35E

OIL CONSERVATION COMMISSION-SANTA FE