

RULE 1.

No treating plant, as defined in this Order, shall operate except in conformity with the following rules and regulations:

(A) Every person desiring to operate or cause to be operated a treating plant within the State of New Mexico under the terms of this Order shall, before he begins the construction thereof, apply to the Commission in writing for a permit. Such application shall state in detail the location, type and capacity of the plant contemplated and method of processing proposed to be used. The Commission shall set such application for a hearing in not less than twenty (20) days, and if satisfied that the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and waste oil, and that there is a need for such a plant at the proposed location thereof, a permit will be granted authorizing the construction of such plant under the Commission's supervision.

No person or persons shall operate, or cause to be operated, a treating plant without having first applied for and obtained an operating permit from the Commission, and such permit will be granted only after the plans of the plant have been approved and applicant has filed and had approved his bond as hereinafter provided and upon a showing satisfactory to the Commission of the necessity thereof.

Such permit, when granted, shall be valid until revoked or abandoned, and shall be revocable at any time after hearing is had on ten (10) day's notice, the Commission finds:

(1) The treating plant under which such permit related is so constructed, equipped or operated as not to reclaim and conserve tank bottom emulsion and waste oil;

(2) The owner or operator of such treating plant in the construction or operations thereof, is violating any law of the State of New Mexico relating to the production, transportation, processing, refining, treating and marketing of crude oil or its products;

(3) The owner or operator of such treating plant is violating any law of the State of New Mexico adopted to conserve the oil and gas resources of the state, or any rule or regulation of this Commission enacted under and in pursuance of said laws;

(B) The total amount of products secured from tank bottom emulsion and waste oil by treating plant processing tank bottom emulsion and waste oil operating in conformity with the provisions of this Order shall be entitled to a C-110.

(C) That before actual operations are begun, the permittee shall file with this Commission a surety company bond payable to the Oil Conservation Commission and/or the State of New Mexico in the amount of \$25,000.00, conditioned upon faithful performance by the permittee of the provisions of this Order or of any further Order in this cause, observance of the applicable laws of the State of New Mexico and the rules and regulations heretofore or hereafter promulgated by the Commission in any wise applicable.

(D) Any treating plant operating under these rules and regulations shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission a monthly report on forms to be supplied by this Commission. Each such monthly report shall contain full and accurate information covering the following details of the business conducted by such reporting permittee during the preceding period. The report shall cover the period from 7:00 A.M.,

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the first day of the calendar month reported, and end at 7:00 A.M., the first day of the calendar month in which the report is filed. The data required in each report shall be:

(1) The number of barrels of tank bottom emulsion, waste oil and treated tank bottom emulsion on hand in the possession, custody or control of such plant, at the beginning and close of each reported period, and the location where all of such tank bottom emulsion, waste oil and treated tank bottom emulsion are held, including the location and identification of each tank or place of deposit.

(2) The number of barrels of tank bottom emulsion, waste oil and treated tank bottom emulsion which came into the possession of such plant during such reported period. Each quantity of tank bottom emulsion so reported shall be identified by the tank number of the operator from whom it was obtained and/or the location where obtained.

(3) The number of barrels of tank bottom emulsion and waste oil treated and/or processed during such reported period and the number of barrels of pipeline oil recovered, and the treating or processing loss during such reported period.

(4) The number of barrels of pipeline oil sold and/or delivered and/or transported during the reported period, to whom delivered and/or transported, together with the approved C-110 on which such delivery was made.

(5) After the report form to be furnished by the Commission has been assigned a serial number and approved by an authorized agent of the Oil Conservation Commission, it may be used to support a C-110 for the net oil on hand at the end of the reported period.

(6) From and after the date of the adoption of this Order, it shall be a violation of the rules of this Commission for any person to place in commerce and/or transfer tank bottom emulsion or waste oil, requiring treatment before meeting pipeline requirements, to anyone other than a permittee holding a permit from this Commission as a processor.

#### RULE 2:

The words defined in this order shall have the following meaning:

(A) "Person" shall mean any natural persons, corporations, associations, partnerships, receivers, trustees, guardians, executors, administrators or a fiduciary, or representative of any kind.

(B) "Treating Plant" shall mean any plant or assembly of machinery or equipment, such as boilers, pipes, tanks, pumps, etc., constructed for the purpose of wholly or partially or being used wholly or partially for reclaiming, treating, processing or in any manner cleaning and making tank bottom emulsion and waste oil marketable.

(C) "Tank bottom emulsion" is hereby defined as that substance containing 2% or greater basic sediment and water limited to volume below the tank pipeline outlet, and in the case of lease production tank where the volume exceeds the pipeline outlet the same may be treated and processed upon special order of the commission only.

(D) "Treated Tank Bottom Emulsion" shall mean the recovered product from the treating, reclaiming, processing or cleaning of tank bottom emulsion and waste oil. This term shall be used by treating plants in the application for C-110.

(E) "Waste Oil" shall include pit oil, line break oil, gasoline plant catchings not up to pipeline requirements, which for the purpose of this Order shall carry the same requirements as to reporting as does tank bottom emulsion as set out above.

RULE 3:

(1) The foregoing requirement shall have no application as to treating plants operated by the person operating the properties from which the emulsion or waste oils are obtained.

IT IS FURTHER ORDERED BY THE COMMISSION:

That this Order shall control all rules and regulations with reference to the same subject matter and in conflict herewith, if any.

IT IS FURTHER ORDERED BY THE COMMISSION:

That this docket be kept open for such other and further orders as may be necessary and appropriate in the premises.

AGENDA FOR HEARING OF JULY 29, 1948

CASE NO. 153

In the matter of the application of Repollo Oil Company for bonus discovery allowable under Commission Order No. 573, for well No. 5, Phillips "A" lease, located in the SW/4 SW/4 section 31, T.19 S, R.37E, N.M.P.M., Lea County, New Mexico.

CASE NO. 152

In the matter of the application of Grayburg Oil Company of New Mexico and Western Production Company, Inc., for an order granting permission to drill twenty-eight unorthodox locations on leases within the boundaries of the Grayburg Cooperative and Unit Area in T.17 S, R.29 and 30 E, N.M.P.M., in the Grayburg-Jackson pool, Eddy County, New Mexico.

CASE NO. 154

In the matter of the application of Magnolia Petroleum Company, a corporation of Dallas, Texas, for approval of the Foster Unit Area and Agreement, covering and including the following described lands: Lots 1 and 2, S $\frac{1}{2}$ SE $\frac{1}{4}$  section 33; Lots 1,2,3,4, and 5, S $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$  section 34; Lots 1,2,3,4, and 5, S $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ , section 35; Lots 1,2,3, and 4, S $\frac{1}{2}$ S $\frac{1}{2}$  section 36, T. 20 $\frac{1}{2}$  S, R. 22 E; S $\frac{1}{2}$  section 13, S $\frac{1}{2}$  section 14; all sections 22,23,24,25,26,27,28,33,34,35 and 36, T. 20 S, R. 23E; Lots 1,2,3,4, and 5, S $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$  section 31; Lot 4, SW $\frac{1}{4}$ SW $\frac{1}{4}$  section 32, T. 20 $\frac{1}{2}$  S, R. 23E; Lots 3 and 4, E $\frac{1}{2}$ SW $\frac{1}{4}$  section 18; Lots 1,2,3, and 4, E $\frac{1}{2}$ W $\frac{1}{2}$  section 19; Lots 1,2,3, and 4, E $\frac{1}{2}$ W $\frac{1}{2}$  section 30; Lots 1,2,3, and 4, E $\frac{1}{2}$ W $\frac{1}{2}$  section 31, T. 20 S, R. 24 E, N.M.P.M. containing 10,289.50 acres, more or less, in Eddy County, New Mexico.

CASE NO. 155

In the matter of the application of the New Mexico Oil Conservation Commission, at the request of the Lea County Operators Committee for an order clarifying and amending Commission Order No. 52, dated February 1, 1937, and relating to rules and regulations for Lea County pools.

CASE NO. 156

In the matter of the application of the New Mexico Oil Conservation Commission, at the request of the Lea County Operators Committee for an order amending Commission Order No. 712 of August 4, 1947, and known as the Lea-Eddy-Chaves Counties New Mexico Gas-Oil Ratio Order.

Case No. 110 (continued); Case No. 104 in which Commission retained jurisdiction and upon further motion of the Oil Conservation Commission; Hardin-Houston, Hobbs, New Mexico; Walter Famariss, Hobbs, New Mexico; Lea County Operators Committee:

In the matter of an order or orders of general application regulating tank cleaning, plants processing tank bottoms, and the reclaiming of waste oil.

SUGGESTED AMENDMENT TO COMMISSION ORDER #712

"Any unit containing a well or wells producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable (deep pool adaptation) currently assigned to the pool, to be effective in all pools in New Mexico where the gas-oil ratio is limited by Commission Order. This will place all producing wells, whether oil or gas, in these pools on the proration schedule."

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO  
July 13, 1948

(P R O P O S E D)  
BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE  
OIL CONSERVATION COMMISSION OF THE STATE  
OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING;

CASE NO. 146

ORDER NO. \_\_\_\_\_

THE APPLICATION OF THE NEW MEXICO OIL  
CONSERVATION COMMISSION, UPON ITS OWN MOTION,  
TO PROMULGATE AND ADOPT AN ORDER WHICH WILL *amend and*  
CLARIFY PRESENT EXISTING REGULATIONS, AS  
PERTAINING TO THE TRANSPORTATION OF CRUDE  
PETROLEUM WITHIN THE BOUNDARIES OF THE STATE  
OF NEW MEXICO, AND TO FACILITATE THE PURCHASING  
TRANSPORTATION, AND HANDLING OF CRUDE PETROLEUM  
BY THE VARIOUS PIPE LINE COMPANIES AND TRANSPORTERS  
WITHIN THE STATE OF NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on hearing at 10:00 o'clock A.M., \_\_\_\_\_ at Santa Fe,  
New Mexico, before the Oil Conservation Commission of the State of New Mexico,  
hereinafter referred to as the "Commission."

NOW, on the \_\_\_\_\_ day of \_\_\_\_\_, 1948, the Commission having before it for  
consideration the testimony adduced at the hearing of said case, and being fully  
advised in the premises;

IT IS THEREFORE ORDERED:

1. That the New Mexico Oil Conservation Commission will meet monthly, as soon as practicable after the announcement of the Bureau of Mines of the market demand for New Mexico, and at such meeting will consider the announcement of the Bureau of Mines and other evidence of market demand, and will determine the amount of oil to be produced from all pools in the State of New Mexico during the following calendar month. The amount so determined will be allocated among the various pools in the State in accordance with existing regulations and among the various units in each pool, in accordance with the regulations governing each pool. Effective the first day of each month, the commission or its duly authorized agent will issue a monthly proration schedule. This monthly proration schedule will authorize the production, purchase and transportation of oil from the various units in strict accordance with the schedule. Allowables for wells completed after the first day of the month will become effective from the date of well completion. For proration purposes, a well is completed on the day the first oil is delivered into the lease stock tank or tanks. A supplementary order will be issued by the commission or its duly authorized agent to the operator of the newly completed well, and to the purchaser or transporter of the oil from the completed well, establishing the effective date of completion, the amount of production permitted during the month, and the authority to purchase and transport same from said well.

*allowable* 2. That any common purchaser is authorized to purchase 100 percent of the ~~production~~ from all units classified as marginal units on the monthly proration order. A marginal unit is a unit that is incapable of producing the state top

unit allowable for that particular month. Any amount of crude petroleum, up to and including top unit allowable for that particular month, may be purchased from a marginal unit, provided that a supplemental order is issued authorizing such production.

3. That no purchase in excess of the production set forth the monthly proration order is authorized for any month from a unit having gas-oil ratio adjustments.

4. That current shortages may be made up the month following the month in which such shortages occurred, and if overage occurs, which is unavoidable and lawful, then such overage should be compensated the month following the month in which such overages occurred. All legal and authorized back allowable available for purchase will be published in the monthly proration order. No back allowable will be placed in the monthly proration order unless request is made by producer and proof is shown that shortage is legal and should be considered as back allowable. There are only three justifications for back allowable, namely; (1) failure of purchaser or transporter to run assigned allowable as adjusted for temperature corrections made by transporter, and (2) mechanical failures affecting the producing well during the proration period, and (3) gathering engineering data.

5. That when and if it becomes necessary for any common purchaser to purchase crude petroleum at a ratable take (less than amount assigned on monthly proration schedule), that any common purchaser is authorized and directed to make 100 percent purchases from units of settled production producing ten barrels or less daily of crude petroleum within its purchasing area and ordinarily served by it in lieu of ratable purchases or takings, in order to preclude premature abandonment.

Provided, however, where such purchaser's takings are curtailed below ten barrels per unit of crude petroleum daily, then said purchaser is authorized and directed to purchase equally from all such units within said area and ordinarily served by it regardless of their producing ability insofar as they are capable of producing.

6. That Commission Orders No. 235 and No. 539 shall be superseded by this Order.

7. That this order shall become effective on the first day of the proration month next succeeding the month in which said order is adopted.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

THOMAS J. MABRY, Chairman

JOHN E. MILES, Member

R. R. SPURRIER, Secretary

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO  
July 13, 1948



PROPOSED AMENDMENT TO REPLACE THE FOLLOWING PORTION OF ORDER #52

Title: METHOD OF PRODUCING WELLS

"The owner or operator of any producing units shall not produce from any unit during any calendar month any more oil than the allowable production for such unit as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each unit during the calendar month, provided, further, that the amount of oil which such owner or operator shall be permitted to produce from any unit on any one day in order to balance the production within the calendar month as herein provided, shall not exceed the allowable production for such unit for each day by more than 25 percent of such allowable. In no event shall any unit be produced in any manner or in such amount as to result in the production in any one day from any unit of an amount in excess of 125 percent of the daily allowable."

THE ABOVE PROPOSED AMENDMENT IS TO REPLACE THE FOLLOWING:

Portion of Order #52, Effective February 1, 1937

METHOD OF PRODUCING FLOWING WELLS

Naturally flowing wells shall be produced at a continuous uniform rate as far as is practicable, in keeping with the current allowable, unless the Commission specifically permits stop-cocking to reduce the gas-oil ratio.

PRODUCTION FROM UNITS

The production of crude oil from each 40-acre unit shall be the amount allocated by the Commission. An accurate record of the oil production from each unit or well shall be obtained and reported to the Commission according to its requirements.

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO  
JULY 23, 1948

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY  
THE NEW MEXICO OIL CONSERVATION COMMISSION  
FOR THE PURPOSE OF CONSIDERING:

CASE NO. 98

ORDER NO. 712

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION UPON ITS OWN MOTION FOR AN  
ORDER GOVERNING GAS OIL RATIOS FOR LEA,  
EDDY AND CHAVES COUNTIES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 A.M. on April 15, 1947 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico hereinafter referred to as the "Commission".

NOW, on this 4th. day of August 1947, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises;

FINDS:

1. That the Commission has jurisdiction in the matter.

2. That the order herein is reasonable and necessary in the material curtailment of avoidable underground and surface forms of waste affording the owner of each property in a pool in the respective counties, the opportunity to produce his just and equitable share of the oil and gas by using his just and equitable share of the reservoir energy of the pool within the meaning of the gas and oil conservation law in Chapter 72, Laws of New Mexico, 1935, taking into consideration all pertinent factors applicable to the various fields; such as age, state of depletion, character of producing formations, water and gas drive, application of gas to beneficial use, and the returning of gas to the formations for storage, repressuring and pressure maintenance projects.

IT IS THEREFORE ORDERED:

That the Order herein shall be applicable to the pools in Lea, Eddy and Chaves Counties, New Mexico and shall be known as the:

LEA-EDDY-CHAVES COUNTIES NEW MEXICO GAS-OIL RATIO ORDER

1. (a) The proration unit shall be the unit of proration as defined by the State-wide Proration Order (with deep-pool adaptation).

(b) A marginal unit is; for pools having no special proration plan, a proration unit that will not produce the top unit allowable as in the State-wide Proration Order (with deep-pool adaptation); and for pools having such plans, a proration unit that will not produce the acreage factor allowable thereunder-both during the Gas-Oil Ratio Test.

(c) A non-marginal unit is; for pools having no special proration plans, a proration unit that will produce the top unit allowable as in the State-wide Proration Order (with deep-pool adaptation); and for pools having such plans, a proration unit that will produce the acreage factor allowable - both during the Gas-Oil Ratio Test.

(d) The top unit allowable shall be as in the State-wide Proration Order (with deep pool adaptation).

(e) The gas-oil ratio of a proration unit shall be the total net formation gas produced with the oil from such unit divided by the total net barrels of oil so produced during the Gas-Oil Ratio Test.

(f) The limiting gas-oil ratios for the various pools shall be as in Section 2 hereinbelow.

(g) A high gas-oil ratio unit shall be a proration unit that exceeds the limiting gas-oil ratio prescribed for the pool in which such unit is located.

(h) A low gas-oil ratio unit shall be a proration unit that does not exceed the limiting gas-oil ratio prescribed for the pool in which it is located.

(i) The gas-oil ratio adjustment shall be as in Section 3 hereinbelow.

(j) The unadjusted allowable shall be the allowable a proration unit would receive before the gas-oil ratio adjustment is applied.

(k) The adjusted allowable shall be the allowable a proration unit receives after the gas-oil ratio adjustment is applied.

(l) The Official Gas-Oil Ratio Test applicable shall be such Test designated by the Commission, made by such method and means, in such manner, and at such periods as the Commission in its discretion may prescribe from time to time. That a definite schedule be worked out by the Commission for conducting and submitting such tests of wells in each pool within the counties aforesaid and the making and the filing with the Commission the report of such official gas-oil ratio tests shall be construed a part of such tests. The Commission will drop from the proration schedule any proration unit for failure to make such test as hereinabove described until such time as a satisfactory test has been made or full or proper explanation given.

2. (a) The limiting gas-oil ratios in cubic feet per barrel for the following pools shall be to wit:

<u>POOL</u>	<u>GAS OIL RATIO LIMIT</u>	<u>COUNTY</u>
Anderson	2000	Eddy
Arrowhead	3500	Lea
Artesia	2000	Eddy
Atoka	2000	Eddy
Barber	2000	Eddy
Benson	2000	Eddy
Blinbry	2000	Lea
Brunson	2000	Lea
Burton	2000	Eddy
Caprock	2000	Chaves & Lea
Cass	2000	Lea
Comanche	2000	Chaves
Corbin	2000	Lea
Culwin	2000	Eddy

<u>POOL</u>	<u>GAS OIL RATIO LIMIT</u>	<u>COUNTY</u>
Daugherty	2000	Eddy
Dayton	2000	Eddy
Dayton, East	2000	Eddy
Drinkard	2000	Lea
Dublin	2000	Lea
Eaves	2000	Lea
Eighty -four Draw	2000	Lea
Empire	2000	Eddy
Eunice-Monument;		
Eunice portion	6000	Lea
Monument portion	3000	Lea
Eunice, West	2000	Lea
Fenton	2000	Eddy
Forrest	2000	Eddy
Fron	2000	Eddy
Getty	2000	Eddy
Grayburg-Jackson	4000	Eddy
Halfway	2000	Lea
Harrison	2000	Lea
Henshaw	2000	Eddy
High-Lonesome	2000	Eddy
High-Lonesome South	2000	Eddy
Hobbs	3500	Lea
Jones	2000	Lea
Lea	2000	Lea
Leo	2000	Eddy
Loco Hills	3000	Eddy
Lovington	2000	Lea
Lovington, West	2000	Lea
Lusk, East	2000	Lea
Lusk	2000	Eddy & Lea
Lusk, West	2000	Eddy
Lynch	2000	Lea
Lynch, North	2000	Lea
Maljamar	3000	Eddy & Lea
Maljamar, North	2000	Lea
Maljamar, South	2000	Lea
McMillan	2000	Eddy
Paddock	2000	Lea
PCA	2000	Eddy
Pearsall	2000	Lea
Premier	2000	Eddy
Red Lake	2000	Eddy
Roberts	2000	Lea
Roberts, West	2000	Lea
Robinson	2000	Eddy & Lea
Russell	2000	Eddy
Salt Lake	2000	Lea
San Simon	2000	Lea
Shugart	2000	Eddy
Shugart, North	2000	Eddy
Skaggs	2000	Lea
Square Lake	2000	Eddy
Tonto	2000	Lea
Turkey Track	2000	Eddy
Young	2000	Lea
Vacuum	2500	Lea
Watkins	2000	Lea
Weir	2000	
New & undesignated pools	2000	

(b) No limiting gas-oil ratio shall be applied in Hardy, Penrose-Skelly, Langlie-Mattix, Rhodes Oil Pool, Cooper-Jal, and South Eunice pools in Lea County, (see order 633) and Scanlon in Eddy County, now primarily gas reservoirs. Provided that the oil produced with the gas shall not be in excess of the current top unit allowable; and provided further that the gas produced from said pools shall be put to beneficial use so as not to constitute waste, except as to proration units in said pools for which there are not facilities for the marketing or application to beneficial use of the gas produced therefrom. As to such proration units the limiting gas-oil ratio in effect immediately prior to the effective date of the order herein shall apply. As to said pools, gas-oil ratio tests shall be required only when the Commission within its discretion may from time to time indicate.

3. The system of gas-oil ratio control shall be that of volumetric control, whereby the current oil allowable for a proration unit, under the provisions of the State-wide Proration Order (with deep-pool adaptation), is adjusted by reason of exceeding the corresponding limiting ratio hereinabove described, in accordance with the following formula:

(a) Any proration unit which, on the basis on the latest official gas oil ratio test has a gas oil ratio in excess of the limiting gas oil ratio for the pool in which it is located shall be permitted to produce daily that number of barrels of oil which shall be determined by multiplying the current top unit allowable by a fraction, the numerator of which fraction shall be the limiting gas oil ratio for the pool and the denominator of which fraction shall be the gas oil ratio of said proration unit as determined by the latest official gas oil ratio test.

(b) A marginal unit shall be permitted to produce the same total volume of gas which it would be permitted to produce if it were a non-marginal unit.

(c) From the pool allocation shall be deducted the amount of oil allocated to marginal units and high gas-oil ratio units, then the remaining oil shall be distributed to the low gas-oil ratio units, within the same pool in accordance with the pool proration plan.

(d) All gas produced with the current oil allowable determined in accordance with this order shall be deemed to have been lawfully produced.

4. No proration units within a repressuring or pressure maintenance project area, where 65% available residue of the total gas withdrawal is returned to the formation shall be affected by the limiting ratios of this order. Such areas shall be those set out by the Commission by Order upon hearing as provided by law.

5. All proration units to which gas-oil ratio adjustments are applied shall be so indicated in the Proration Schedule with adjusted allowables stated.

6. The order herein supersedes Orders 237, 250, 545 and 650.

This order shall become effective on the first day of the proration month next succeeding the month in which said Order is adopted.

7. That jurisdiction of this case is hereby retained by the Commission to approve schedules of time and manner of taking and reporting gas oil ratios for wells in the separate pools of Lea, Eddy, and Chaves Counties and for other purposes connected therewith.

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

LEA COUNTY OPERATORS COMMITTEE  
AUGUST 19, 1947

OIL CONSERVATION COMMISSION  
Thomas J. Mabry, Chairman  
John E. Miles, Member  
R. R. Spurrier, Secretary

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF WALTER FAMARISS, JR. )

CASE NO. 104

PERMIT FOR RENEWAL

Having received a favorable report of inspection of processing plant for the processing of tank bottoms and reclaiming of waste oil and the cleaning of tank bottoms operated by Walter Famariss, Jr., made by Roy Yarbrough in compliance with the rules of the Commission, and having been advised that bonding company consents to be bound for future operations of Walter Famariss, Jr., under authority of the Commission, permit for one year's operation is hereby granted subject to all conditions heretofore imposed under the rules of the Commission.

DONE at Santa Fe, New Mexico, this the 15 day of October 1949.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
THOMAS J. MABRY, CHAIRMAN

  
GUY SHEPARD, MEMBER

  
R. R. SPURRIER, SECRETARY

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 104

THE APPLICATION OF WALTER FAMARISS, JR.,  
FOR PERMISSION TO PURCHASE AND PROCESS  
TANK BOTTOMS, PIT OIL, GASOLINE PLANT  
CATCHINGS, AND OTHER PETROLEUM PRODUCTS  
NOW CLASSIFIED AS WASTE AND TO SELL THE  
MERCHANTABLE CRUDE OIL DERIVED THEREFROM.

A F F I D A V I T

STATE OF NEW MEXICO

SS

COUNTY OF LEA

Walter Famariss, Jr., of Hobbs, New Mexico, applicant in the  
above styled case, and permittee under Order No. 726 of the Oil Conserva-  
tion Commission of the State of New Mexico, having been first duly sworn  
on oath states:

That in connection with his operations conducted under author-  
ity of said order, in the event he fails or refuses to furnish the said  
Commission with any information required by said order or any further  
order of the Commission, or violates the law of the State of New Mexico  
or the rules and regulations of the Commission with respect to acqui-  
sition, processing or disposition of tank bottoms, waste oil, pit oil,  
gasoline plant catchings, he will upon receipt of written notice to him  
by the Commission, pointing out such violation or infraction, immediately  
cease all operations conducted under authority of said order until further  
authorization to resume such operations is granted by the Commission.

Walter Famariss, Jr.

SUBSCRIBED AND SWORN to before me this the 25 day of  
September, 1947.

My commission expires:

5-15-48.

John R. Brand  
Notary Public

#### INSTRUCTIONS

The original and four copies of this form shall be filed with an agent of the Oil Conservation Commission before any "Tank Bottom or pit oil", as defined by orders of the Commission, shall be removed from a lease. After approval a copy of the form completed and executed by the person removing such tank bottom shall be filed with the Commission.



PROPOSED FORM  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

OWNER OR OPERATOR OF TANK TO BE CLEANED:

Date \_\_\_\_\_, 19\_\_\_\_

Name of operator or owner \_\_\_\_\_

Lease \_\_\_\_\_ Field \_\_\_\_\_ Location \_\_\_\_\_ County \_\_\_\_\_

Tank No. \_\_\_\_\_ Capacity \_\_\_\_\_ Height \_\_\_\_\_

Gross Contents in Barrels \_\_\_\_\_ Feet and Inches \_\_\_\_\_

Height of Stationary Pipe Line Connection \_\_\_\_\_

Date Tank was last cleaned \_\_\_\_\_

Tank No. \_\_\_\_\_ as described above contains \_\_\_\_\_ barrels free oil, percent oil in remainder of bottom \_\_\_\_\_%, barrels oil in remainder \_\_\_\_\_, total oil chargeable \_\_\_\_\_

Date \_\_\_\_\_, 19\_\_\_\_, Disposition to be made of contents of tank bottom \_\_\_\_\_

\_\_\_\_\_  
Owner or Operator of Tank

By \_\_\_\_\_

Agent

State of New Mexico

County of \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_ known to me to be the person whose name is subscribed in this instrument, who after being duly sworn on oath states that he is in charge of the above listed tank and is employed in the capacity of \_\_\_\_\_ and that the permit contains no misstatement or inaccuracy and that no pertinent matter inquired about in said permit has been omitted from said permit and that said permit is a correct statement of the facts therein recited.

\_\_\_\_\_  
Signature of person making affidavit

Sworn to and subscribed before me, this the \_\_\_\_\_ day of \_\_\_\_\_, 1948

\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_ County, N.M.  
My Commission expires \_\_\_\_\_, 19\_\_\_\_

## TANK CLEANER, TREATING PLANT or TRANSPORTER

Name \_\_\_\_\_ Address \_\_\_\_\_

This is to certify that on \_\_\_\_\_, 19\_\_\_\_

Tank No. \_\_\_\_\_ Capacity \_\_\_\_\_ Height \_\_\_\_\_

Owned or Operated by \_\_\_\_\_

Located on \_\_\_\_\_ Lease \_\_\_\_\_ S.T.R. \_\_\_\_\_ County \_\_\_\_\_

Containing \_\_\_\_\_ Feet and Inches of Tank Bottoms and oil was cleaned of said

bottoms described on this permit. Tank No. \_\_\_\_\_ as described above containing

barrels free oil, percent oil in remainder of bottom \_\_\_\_\_%, barrels oil in remainder

\_\_\_\_\_, total oil chargeable \_\_\_\_\_. Date \_\_\_\_\_, 19\_\_\_\_. Disposition to be

made of contents of tank bottom \_\_\_\_\_

The tank bottoms were transported to \_\_\_\_\_

This is to certify that no crude oil or product of crude oil was mixed with or substituted for the tank contents as described on this permit; that no rule or regulation of the Oil Conservation Commission was violated in the cleaning or the tank transportation of contents or treating of said contents of said tank.

State of New Mexico

County of \_\_\_\_\_

By \_\_\_\_\_

Agent

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to this instrument, who, after being duly sworn, states that he is the person in charge of the concern removing tank bottoms described above and is employed in the capacity of \_\_\_\_\_ and that the above report contains no misstatement or inaccuracy, and that no pertinent matter inquired about in said report has been omitted from said report and that said report is a correct statement of the facts therein related.

\_\_\_\_\_  
Signature of person making affidavitSubscribed and sworn to before me, this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
OIL CONSERVATION COMMISSION\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_ County, N.M.  
My commission expires \_\_\_\_\_, 19\_\_\_\_

Date: \_\_\_\_\_

APPROVED \_\_\_\_\_

PROPOSED FORM  
OIL CONSERVATION COMMISSION  
Santa Fe, New MexicoMONTHLY REPORT AND OPERATIONS STATEMENT FOR  
RECLAIMING AND TREATING PLANTS

For the period from \_\_\_\_\_ to \_\_\_\_\_, 19\_\_

Operator \_\_\_\_\_ Address \_\_\_\_\_

KIND	Stock on Hand beginning of Period	Receipts Amount Treated	Net Oil Recovered	Deliveries	Stock on Hand End of Period
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Pipeline Oil

B.S. &amp; W.

Total

## RECEIPTS FROM TANKS OF LESS THAN 33 BARRELS

FROM WHOM RECEIVED	Field	Lease	Location	Receipts
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## RECEIPTS BY PERMIT

FROM WHOM RECEIVED	Permit Number	Total Amount	B.S. & W.	Net Oil
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## DELIVERIES

TO WHOM DELIVERED	Date of C-110	Amount	Actual Delivery	Other Products
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Signed: \_\_\_\_\_

By: \_\_\_\_\_

STATE OF NEW MEXICO  
COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, personally appeared \_\_\_\_\_ known to me to be the \_\_\_\_\_ of the plant filing the above report who upon his oath says that the above and foregoing report including attached papers is complete and each statement therein contained is true and correct, and that no oil or the products thereof was received, delivered, processed, reclaimed, blended, treated or on hand at the beginning or end of the reported period, in addition to that shown during the above reported period; and that said reporting firm is entitled to C-110 for shipment of the tenderable stock at the end of the period covered and as shown by this report.

SUBSCRIBED AND SWORN TO BEFORE ME, THIS \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_

Notary Public in and for \_\_\_\_\_ County, N.M.

APPROVED \_\_\_\_\_  
for OIL CONSERVATION COMMISSION

PROPOSED FORM  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

OWNER OR OPERATOR OF TANK TO BE CLEANED:

Date \_\_\_\_\_, 19\_\_\_\_

Name of operator or owner \_\_\_\_\_

Lease \_\_\_\_\_ Field \_\_\_\_\_ Location \_\_\_\_\_ County \_\_\_\_\_

Tank No. \_\_\_\_\_ Capacity \_\_\_\_\_ Height \_\_\_\_\_

Gross Contents in Barrels \_\_\_\_\_ Feet and Inches \_\_\_\_\_

Height of Stationary Pipe Line Connection \_\_\_\_\_

Date Tank was last cleaned \_\_\_\_\_

Tank No. \_\_\_\_\_ as described above contains \_\_\_\_\_ barrels free oil, percent oil  
in remainder of bottom \_\_\_\_\_ %, barrels oil in remainder \_\_\_\_\_, total oil chargeable \_\_\_\_\_

Date \_\_\_\_\_, 19\_\_\_\_, Disposition to be made of contents of tank bottom \_\_\_\_\_

\_\_\_\_\_  
Owner or Operator of Tank

By \_\_\_\_\_

Agent

State of New Mexico

County of \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_  
known to me to be the person whose name is subscribed in this  
instrument, who after being duly sworn on oath states that he is in charge of the  
above listed tank and is employed in the capacity of \_\_\_\_\_ and that the  
permit contains no misstatement or inaccuracy and that no pertinent matter inquired  
about in said permit has been omitted from said permit and that said permit is a  
correct statement of the facts therein recited.

\_\_\_\_\_  
Signature of person making affidavit

Sworn to and subscribed before me, this the \_\_\_\_\_ day of \_\_\_\_\_, 1948

\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_ County, N.M.  
My Commission expires \_\_\_\_\_, 19\_\_\_\_

## TANK CLEANER, TREATING PLANT or TRANSPORTER

Name \_\_\_\_\_ Address \_\_\_\_\_

This is to certify that on \_\_\_\_\_, 19\_\_\_\_

Tank No. \_\_\_\_\_ Capacity \_\_\_\_\_ Height \_\_\_\_\_

Owned or Operated by \_\_\_\_\_

Located on \_\_\_\_\_ Lease \_\_\_\_\_ S.T.R. \_\_\_\_\_ County \_\_\_\_\_

Containing \_\_\_\_\_ Feet and Inches of Tank Bottoms and oil was cleaned of said  
bottoms described on this permit. Tank No. \_\_\_\_\_ as described above containing \_\_\_\_\_  
barrels free oil, percent oil in remainder of bottom \_\_\_\_\_ %, barrels oil in remainder  
\_\_\_\_\_, total oil chargeable \_\_\_\_\_. Date \_\_\_\_\_, 19\_\_\_\_. Disposition to be  
made of contents of tank bottom \_\_\_\_\_

The tank bottoms were transported to \_\_\_\_\_

This is to certify that no crude oil or product of crude oil was mixed with or  
substituted for the tank contents as described on this permit; that no rule or regu-  
lation of the Oil Conservation Commission was violated in the cleaning or the tank  
transportation of contents or treating of said contents of said tank.

State of New Mexico

County of \_\_\_\_\_

By \_\_\_\_\_

Agent

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_,  
known to me to be the person whose name is subscribed to this instrument, who, after  
being duly sworn, states that he is the person in charge of the concern removing tank  
bottoms described above and is employed in the capacity of \_\_\_\_\_ and  
that the above report contains no misstatement or inaccuracy, and that no pertinent  
matter inquired about in said report has been omitted from said report and that said  
report is a correct statement of the facts therein related.

\_\_\_\_\_  
Signature of person making affidavitSubscribed and sworn to before me, this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
OIL CONSERVATION COMMISSION\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_ County, N.M.  
My commission expires \_\_\_\_\_, 19\_\_\_\_

Date: \_\_\_\_\_

APPROVED \_\_\_\_\_

PERMIT NO. \_\_\_\_\_

for OIL CONSERVATION COMMISSION

#### INSTRUCTIONS

The original and four copies of this form shall be filed with an agent of the Oil Conservation Commission before any "Tank Bottom or pit oil", as defined by orders of the Commission, shall be removed from a lease. After approval a copy of the form completed and executed by the person removing such tank bottom shall be filed with the Commission.

PROPOSED FORM  
OIL CONSERVATION COMMISSION  
Santa Fe, New MexicoMONTHLY REPORT AND OPERATIONS STATEMENT FOR  
RECLAIMING AND TREATING PLANTS

For the period from \_\_\_\_\_ to \_\_\_\_\_, 19\_\_\_\_

Operator \_\_\_\_\_ Address \_\_\_\_\_

KIND	Stock on Hand beginning of Period	Receipts	Amount Treated	Net Oil Recovered	Deliveries	Stock on Hand End of Period
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Pipeline Oil

B.S. &amp; W.

Total

## RECEIPTS FROM TANKS OF LESS THAN 33 BARRELS

FROM WHOM RECEIVED	Field	Lease	Location	Receipts
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## RECEIPTS BY PERMIT

FROM WHOM RECEIVED	Permit Number	Total Amount	B.S. & W.	Net Oil
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## DELIVERIES

TO WHOM DELIVERED	Date of C-110	Amount	Actual Delivery	Other Products
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Signed: \_\_\_\_\_

By: \_\_\_\_\_

STATE OF NEW MEXICO §  
COUNTY OF \_\_\_\_\_ §

Before me, the undersigned authority, personally appeared \_\_\_\_\_ known to me to be the \_\_\_\_\_ of the plant filing the above report who upon his oath says that the above and foregoing report including attached papers is complete and each statement therein contained is true and correct, and that no oil or the products thereof was received, delivered, processed, reclaimed, blended, treated or on hand at the beginning or end of the reported period, in addition to that shown during the above reported period; and that said reporting firm is entitled to C-110 for shipment of the tenderable stock at the end of the period covered and as shown by this report.

SUBSCRIBED AND SWORN TO BEFORE ME, THIS \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

Notary Public in and for \_\_\_\_\_ County, N.M.

APPROVED \_\_\_\_\_  
for OIL CONSERVATION COMMISSION

May 27, 1947

MEMORANDUM TO:

R. R. Spurrier, Secretary  
Oil Conservation Commission  
Santa Fe, New Mexico

Re: Reclaiming waste oil

The reclamation of waste oil as suggested in Morris D. Pool's letter, the oil industry considered is not very important in itself and, of course, is a "little man's" proposition. That such a business is possible, strongly indicates the existance of waste the substantial elimination of which is the joint responsibility of the oil industry and the Commission. If, however, the reclaiming of waste oil had any real economic basis in all probability, the producing companies would do their own reclaiming. Mr. Pool's plan, as he admits, would be feasible only during times of high-priced oil.

As I understand Mr. Pool's plan, he would by some process clean and reclaim B.S., emulsion, or waste oil from the bottoms of tanks and pits which is not taken into the pipe lines nor calculated by the producers in their various reports nor in the proration figures. If this waste oil is not used as Mr. Pool suggests, it will undoubtedly be burned or disposed of otherwise.

In a small way the reclaiming of oil would reduce physical waste measured by the amount of merchantable crude oil recovered, it would permit a "little man" to make a little money at present prices. As to these things, the Commission should certainly have no objection.

Viewed from the prevailing practices of the oil producers and the established requirements of the Oil Commission, and the Land Office in the matter of production reports and proration matters, it is conceivable that such a disposition of such waste oil would be burdensome in a measure far out-weighing benefits to be derived.

Page 2.

A producer of oil ordinarily disposes of his product on the basis of pipe line "run tickets." He reports and pays royalty on this basis and undoubtedly the proration schedules are calculated on the basis of merchantable oil. It is not clear at this time how "good crude oil" as reclaimed could get into the pipe line unless the well producing the same originally was not meeting its allowable.

Perhaps the production from several different wells contribute to the waste products in the general course of operations. It is conceivable that oil produced from State, private owned and Federal lands contribute to the product. In view of the fact that the Commission heretofore (Rule 16) considers such oil as unavoidable waste, it never has been considered as having an economic existence.

Assuming for the moment that the X Oil Company having met all of its obligation in the matter of reports to the Commission and observed its proration and royalty requirements in every required respect and having reported its production to the State Tax Commission and met its School Tax obligation on the basis of pipe line runs and thereafter disposed of waste products, it is not clear just what royalty or charge would be owing for such a sale. However, if there is any economic value to this waste oil, the State's part would probably be collected through the School Tax Division for Mr. Pool's privilege of engaging in business.

Should Mr. Pool go into the oil reclaiming business he would be, of course, required to take out the \$1.00 sales tax license and remit on a monthly basis to that division  $1/2$  of  $1\%$  of the gross proceeds of sales of his good crude oil which he could not sell until the Oil Conservation Commission authorized the entrance of this oil into a pipe line by some variation of the proration order. The Oil Commission, in addition, probably would require regular filing of Form 113 and probably a report of miscellaneous disposition on Form 110 on the part of the producer.

Page 3.

Without the Oil Commission taking cognizance of excessive waste and drawing appropriate rules for the disposition of this reclaimed oil, I do not believe that present royalty, interest, industry or production taxes are collectable excepting the school -- sale privilege tax. If, however, the wasteoil situation is of special importance, the Commission has ample powers to set up special requirements.

---

GEORGE GRAHAM

GAG/min

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P  
Y



PROPOSED

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO.

IN THE MATTER OF A  
GENERAL ORDER REGULATING  
TANK CLEANING, PLANTS PROCESSING  
TANK BOTTOMS, AND  
RECLAIMING OF WASTE OIL

CASES NO. 104, 110 & 138  
ORDER NO.

ORDER OF THE COMMISSION

WHEREAS, after publishing of notice for the time and in the manner required by law, the Oil Conservation Commission of the State of New Mexico held a hearing at Santa Fe, New Mexico, on July 15, 1947, and subsequently, for the purpose of receiving testimony and evidence concerning the necessity for promulgating rules and regulations for the cleaning of tanks used in connection with the production and storage of crude oil in the State of New Mexico, and the processing and reclaiming of tank bottoms, gasoline plant scrubber oil, waste oil, wash-in oil, creek oil, pit oil, pipe line break oil, and similar types and kinds of oil; and

WHEREAS, pursuant to the evidence presented at said hearing and independent investigations of the Commission, the Commission is of the opinion and finds that rules and regulations should be adopted.

THEREFORE, IT IS ORDERED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO, effective \_\_\_\_\_, the following rules and regulations are hereby adopted to govern, regulate and control the cleaning of all tanks used in the handling, production, and/or measuring, and storing of crude oil in the State of New Mexico, the processing of tank bottoms, the construction and operation of treating plants, and the picking up, reclaiming, and/or salvaging of tank bottoms, waste oil, wash-in oil, creek oil, pit oil; to-wit:

RULE 1. No "tank bottoms," as hereinafter defined, shall be removed from any tank used for the storage of crude petroleum oil, except as hereinafter provided, unless and until application for tank cleaning permit shall have been made on the Commission's Form C-117, and approved by agent of the Commission. Provided further that approval shall not be given until tank for which permit is requested shall be tested as follows:

(a) An accurate gauge shall be taken on each tank for which tank cleaning permit is applied, and the result entered on Form C-117.

(b) A representative sample of the tank bottoms of each tank shall be taken, and the amount of merchantable oil determined according to the standard centrifugal test as prescribed by the American Petroleum Institute's code for measuring, sampling, and testing crude oil, Number 25, Section 5, and such amount of oil shall be entered on Form C-117 by the owner or operator of the tank to be cleaned.

(c) The merchantable oil contained in any tank bottom or pit shall be measured and charged against the allowable of the unit or units producing into any tank or pit where such merchantable oil accumulates. This amount shall be shown as a separate item on Form C-115.

(d) Nothing contained in this Order shall apply to tank bottoms used on the lease from which the tank bottoms accumulated, or to the treating of tank bottoms on the lease by the producer or operator where the merchantable oil recovered therefrom is disposed of through a duly authorized transporter as shown on Form C-110 filed with the Commission.

*Remove from the lease-books*

*Shake-out*

?

(e) Nothing contained in this Order shall apply to the transfer of tank bottoms from one tank to another tank located in the same tank battery provided there is no change in the custody or control of the tank bottom.

(f) Nothing contained in this Order shall apply to reclaiming of pipe line break oil or the treating of tank bottoms at a pipe line station, crude oil storage terminal or refinery or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas gathering lines connected to gasoline plants and in scrubbers at such plants.

RULE 2. No treating plant, as defined in this Order, shall operate except in conformity with the following provisions.

(a) Every person desiring to operate, or cause to be operated, a treating plant within the State of New Mexico under the terms of this Order, shall, before he begins the construction thereof, apply to the Commission in writing for a permit. Such application shall state in detail the location, type, and capacity of the plant contemplated and method of processing proposed. The Commission shall set such application for a hearing in not less than twenty (20) days, and if satisfied that the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and other waste oils, and there is a need for such a plant at the proposed location thereof, a permit shall be granted authorizing the construction of such plant under the Commission's supervision.

No person shall operate, or cause to be operated, a treating plant without first having applied for and obtained an operating permit from the Commission, and such permit will be granted only after the plans of the plant have been approved and applicant has filed and received approval of bond as hereinafter provided and upon a showing satisfactory to the Commission after hearing and investigation. *Surety*

The foregoing requirements shall have no application as to treating plants constructed and operating at the date of this Order under previous Order of the Commission provided that the future operations of such plants shall be in accordance of all other provisions of this Order. *General Inspection*

Such permit, if granted, shall be valid for one (1) year, and shall be *renewal of permit & consent of Commission* *& recommendation* revocable at any time after hearing is had on 10 days' notice, if, in the judgment of the Commission, the treating plant to which such permit is related is so constructed, equipped, or operated as not to reclaim and conserve tank bottoms and/or other waste oils; or if, in the judgment of the Commission, the owner or operator of such treating plant, in the construction or operation thereof, is violating any law of the State of New Mexico relating to the production, transportation, processing, refining, treating and marketing of crude oil, or its products, or any law of said state adopted to conserve the oil and gas resources of the State of New Mexico, or any rule or regulation of the Commission enacted under and in pursuance of said laws.

(b) The treating plant operator shall be entitled to an approved Certificate of Compliance and Authorization to Transport Oil (Form C-110) for the total amount of products secured from tank bottoms and other waste oils processed in conformity with the provisions of this Order.

(c) Before actual operations are begun, the permittee shall file with the Commission a surety bond satisfactory to the Commission and payable to the Oil Conservation Commission and/or the State of New Mexico in the amount of \$25,000.00, conditioned upon faithful performance by the permittee of the provisions of this Order or of any further Order in this cause, observance of the applicable laws of the State of New Mexico and the rules and regulations heretofore or hereafter

promulgated by the Commission in any wise applicable.

(d) Any treating plant operating under these rules and regulations shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission a monthly report on Form C-118, which report when fully completed and approved by an authorized agent of the Commission, may be used to support a C-110 for the net oil on hand at the end of the reported period.

(e) Report Forms C-118 may be filed and C-110's issued at intervals more frequent than once monthly, but in no event may C-110's be issued for moving the products of a treating plant without a Form C-118 fully completed and approved.

### RULE 3.

(a) The provisions of this order shall not apply in connection with the recovery of wash-in oil, creek oil, or pit oil where such oil is picked up and returned to the lease on which produced or where such oil is disposed of to the transporter authorized by C-110's.

(b) Except as provided in paragraph (a) above any person desiring to pick up, reclaim, or salvage any wash-in oil, creek oil, or pit oil shall obtain in writing, a permit from the owner or operator of the lease, and a permit from a duly authorized agent of the Commission before picking up, reclaiming, or salvaging the same.

(c) All applications for permits to pick up, reclaim, or salvage wash-in oil, creek oil, or pit oil shall state the name and location of the lease, the number of the well or wells from which the oil was produced, or the source of such oil and the name of the owner, operator or manager.

RULE 4. The following definitions shall be applicable to the terms used in this Order.

(a) "Person" shall mean any natural persons, corporations, associations, partnerships, receivers, trustees, guardians, executors, administrators or a fiduciary, or representative of any kind.

(b) "Treating plant" shall mean any plant constructed for the purpose of wholly or partially or being used wholly or partially for reclaiming, treating, processing, or in any manner making tank bottoms or any other waste oils marketable.

(c) "Tank bottoms" shall mean that accumulation of hydrocarbon material and other substances which settle naturally below crude oil in tanks and receptacles that are used in the handling and storing of crude oil, and which accumulation contains in excess of two (2%) percent of basic sediment and water; provided, however, that with respect to lease production and for lease storage tanks, a tank bottom shall be limited to that volume of the tank in which it is contained that lies below the bottom of the pipe line outlet thereto.

(d) "Wash-in oil" shall mean oil used in the drilling of, or reworking of, a well, which has been run from another tank or tanks and recaptured by the operator.

(e) "Creek oil" shall mean <sup>oil</sup>accumulating in creeks due to lease line break, lease tank overflow, or any other cause.

(f) "Pit oil" shall mean the oil or emulsion accumulating in the pits where tank bottoms and escape oil from wells are accumulated.

IT IS FURTHER ORDERED BY THE COMMISSION that this Order shall control all rules and regulations with reference to the same subject matter and in conflict herewith, if any.

IT IS FURTHER ORDERED BY THE COMMISSION that this docket be kept open for such other and further Orders as may be necessary and appropriate in the premises.

OIL CONSERVATION COMMISSION  
NEW MEXICO

BY \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Date

LEA COUNTY OPERATORS  
HOBBS, NEW MEXICO  
JULY 13, 1948

PROPOSED

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO.

IN THE MATTER OF A  
GENERAL ORDER REGULATING  
TANK CLEANING, PLANTS PROCESSING  
TANK BOTTOMS, AND  
RECLAIMING OF WASTE OIL

CASES NO. 104, 110 & 138  
ORDER NO.

ORDER OF THE COMMISSION

WHEREAS, after publishing of notice for the time and in the manner required by law, the Oil Conservation Commission of the State of New Mexico held a hearing at Santa Fe, New Mexico, on July 15, 1947, and subsequently, for the purpose of receiving testimony and evidence concerning the necessity for promulgating rules and regulations for the cleaning of tanks used in connection with the production and storage of crude oil in the State of New Mexico, and the processing and reclaiming of tank bottoms, gasoline plant scrubber oil, waste oil, wash-in oil, creek oil, pit oil, pipe line break oil, and similar types and kinds of oil; and

WHEREAS, pursuant to the evidence presented at said hearing and independent investigations of the Commission, the Commission is of the opinion and finds that rules and regulations should be adopted.

THEREFORE, IT IS ORDERED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO, effective \_\_\_\_\_, the following rules and regulations are hereby adopted to govern, regulate and control the cleaning of all tanks used in the handling, production, and/or measuring, and storing of crude oil in the State of New Mexico, the processing of tank bottoms, the construction and operation of treating plants, and the picking up, reclaiming, and/or salvaging of tank bottoms, waste oil, wash-in oil, creek oil, pit oil; to-wit:

RULE 1. No "tank bottoms," as hereinafter defined, shall be removed from any tank used for the storage of crude petroleum oil, except as hereinafter provided, unless and until application for tank cleaning permit shall have been made on the Commission's Form C-117, and approved by agent of the Commission. Provided further that approval shall not be given until tank for which permit is requested shall be tested as follows:

(a) An accurate gauge shall be taken on each tank for which tank cleaning permit is applied, and the result entered on Form C-117.

(b) A representative sample of the tank bottoms of each tank shall be taken, and the amount of merchantable oil determined according to the standard centrifugal test as prescribed by the American Petroleum Institute's code for measuring, sampling, and testing crude oil, Number 25, Section 5, and such amount of oil shall be entered on Form C-117 by the owner or operator of the tank to be cleaned.

(c) The merchantable oil contained in any tank bottom or pit shall be measured and charged against the allowable of the unit or units producing into any tank or pit where such merchantable oil accumulates. This amount shall be shown as a separate item on Form C-115.

(d) Nothing contained in this Order shall apply to tank bottoms used on the lease from which the tank bottoms accumulated or to the treating of tank bottoms on the lease by the producer or operator where the merchantable oil recovered therefrom is disposed of through a duly authorized transporter as shown on form C-110 filed with the Commission.

(e) Nothing contained in this Order shall apply to the transfer of tank bottoms from one tank to another tank located in the same tank battery provided there is no change in the custody or control of the tank bottom.

(f) Nothing contained in this Order shall apply to reclaiming of pipe line break oil or the treating of tank bottoms at a pipe line station, crude oil storage terminal or refinery or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas gathering lines connected to gasoline plants and in scrubbers at such plants.

RULE 2. No treating plant, as defined in this Order, shall operate except in conformity with the following provisions.

(a) Every person desiring to operate, or cause to be operated, a treating plant within the State of New Mexico under the terms of this Order, shall, before he begins the construction thereof, apply to the Commission in writing for a permit. Such application shall state in detail the location, type, and capacity of the plant contemplated and method of processing proposed. The Commission shall set such application for a hearing in not less than twenty (20) days, and if satisfied that the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and other waste oils, and there is a need for such a plant at the proposed location thereof, a permit shall be granted authorizing the construction of such plant under the Commission's supervision.

No person shall operate, or cause to be operated, a treating plant without first having applied for and obtained an operating permit from the Commission, and such permit will be granted only after the plans of the plant have been approved and applicant has filed and received approval of bond as hereinafter provided and upon a showing satisfactory to the Commission after hearing and investigation.

The foregoing requirements shall have no application as to treating plants constructed and operating at the date of this Order under previous Order of the Commission provided that the future operations of such plants shall be in accordance of all other provisions of this Order.

Such permit, if granted, shall be valid for one (1) year, and shall be revocable at any time after hearing is had on 10 days' notice, if, in the judgment of the Commission, the treating plant to which such permit is related is so constructed, equipped, or operated as not to reclaim and conserve tank bottoms and/or other waste oils; or if, in the judgment of the Commission, the owner or operator of such treating plant, in the construction or operation thereof, is violating any law of the State of New Mexico relating to the production, transportation, processing, refining, treating and marketing of crude oil, or its products, or any law of said state adopted to conserve the oil and gas resources of the State of New Mexico, or any rule or regulation of the Commission enacted under and in pursuance of said laws.

(b) The treating plant operator shall be entitled to an approved Certificate of Compliance and Authorization to Transport Oil (Form C-110) for the total amount of products secured from tank bottoms and other waste oils processed in conformity with the provisions of this Order.

(c) Before actual operations are begun, the permittee shall file with the Commission a surety bond satisfactory to the Commission and payable to the Oil Conservation Commission and/or the State of New Mexico in the amount of \$25,000.00, conditioned upon faithful performance by the permittee of the provisions of this Order or of any further Order in this cause, observance of the applicable laws of the State of New Mexico and the rules and regulations heretofore or hereafter

promulgated by the Commission in any wise applicable.

(d) Any treating plant operating under these rules and regulations shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission a monthly report on Form C-118, which report when fully completed and approved by an authorized agent of the Commission, may be used to support a C-110 for the net oil on hand at the end of the reported period.

(e) Report Forms C-118 may be filed and C-110's issued at intervals more frequent than once monthly, but in no event may C-110's be issued for moving the products of a treating plant without a Form C-118 fully completed and approved.

### RULE 3.

(a) The provisions of this order shall not apply in connection with the recovery of wash-in oil, creek oil, or pit oil where such oil is picked up and returned to the lease on which produced or where such oil is disposed of to the transporter authorized by C-110's.

(b) Except as provided in paragraph (a) above any person desiring to pick up, reclaim, or salvage any wash-in oil, creek oil, or pit oil shall obtain in writing, a permit from the owner or operator of the lease, and a permit from a duly authorized agent of the Commission before picking up, reclaiming, or salvaging the same.

(c) All applications for permits to pick up, reclaim, or salvage wash-in oil, creek oil, or pit oil shall state the name and location of the lease, the number of the well or wells from which the oil was produced, or the source of such oil and the name of the owner, operator or manager.

RULE 4. The following definitions shall be applicable to the terms used in this Order.

(a) "Person" shall mean any natural persons, corporations, associations, partnerships, receivers, trustees, guardians, executors, administrators or a fiduciary, or representative of any kind.

(b) "Treating plant" shall mean any plant constructed for the purpose of wholly or partially or being used wholly or partially for reclaiming, treating, processing, or in any manner making tank bottoms or any other waste oils marketable.

(c) "Tank bottoms" shall mean that accumulation of hydrocarbon material and other substances which settle naturally below crude oil in tanks and receptacles that are used in the handling and storing of crude oil, and which accumulation contains in excess of two (2%) percent of basic sediment and water; provided, however, that with respect to lease production and for lease storage tanks, a tank bottom shall be limited to that volume of the tank in which it is contained that lies below the bottom of the pipe line outlet thereto.

(d) "Wash-in oil" shall mean oil used in the drilling of, or reworking of, a well, which has been run from another tank or tanks and recaptured by the operator.

(e) "Creek oil" shall mean <sup>oil</sup>accumulating in creeks due to lease line break, lease tank overflow, or any other cause.

(f) "Pit oil" shall mean the oil or emulsion accumulating in the pits where tank bottoms and escape oil from wells are accumulated.

IT IS FURTHER ORDERED BY THE COMMISSION that this Order shall control all rules and regulations with reference to the same subject matter and in conflict herewith, if any.

IT IS FURTHER ORDERED BY THE COMMISSION that this docket be kept open for such other and further Orders as may be necessary and appropriate in the premises.

OIL CONSERVATION COMMISSION  
NEW MEXICO

BY \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Date

LEA COUNTY OPERATORS  
HOBBS, NEW MEXICO  
JULY 13, 1948



PROPOSED

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO.

IN THE MATTER OF A  
GENERAL ORDER REGULATING  
TANK CLEANING, PLANTS PROCESSING  
TANK BOTTOMS, AND  
RECLAIMING OF WASTE OIL

CASES NO. 104, 110 & 138  
ORDER NO.

ORDER OF THE COMMISSION

WHEREAS, after publishing of notice for the time and in the manner required by law, the Oil Conservation Commission of the State of New Mexico held a hearing at Santa Fe, New Mexico, on July 15, 1947, and subsequently, for the purpose of receiving testimony and evidence concerning the necessity for promulgating rules and regulations for the cleaning of tanks used in connection with the production and storage of crude oil in the State of New Mexico, and the processing and reclaiming of tank bottoms, gasoline plant scrubber oil, waste oil, wash-in oil, creek oil, pit oil, pipe line break oil, and similar types and kinds of oil; and

WHEREAS, pursuant to the evidence presented at said hearing and independent investigations of the Commission, the Commission is of the opinion and finds that rules and regulations should be adopted.

THEREFORE, IT IS ORDERED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO, effective \_\_\_\_\_, the following rules and regulations are hereby adopted to govern, regulate and control the cleaning of all tanks used in the handling, production, and/or measuring, and storing of crude oil in the State of New Mexico, the processing of tank bottoms, the construction and operation of treating plants, and the picking up, reclaiming, and/or salvaging of tank bottoms, waste oil, wash-in oil, creek oil, pit oil; to-wit:

RULE 1. No "tank bottoms," as hereinafter defined, shall be removed from any tank used for the storage of crude petroleum oil, except as hereinafter provided, unless and until application for tank cleaning permit shall have been made on the Commission's Form C-117, and approved by agent of the Commission. Provided further that approval shall not be given until tank for which permit is requested shall be tested as follows:

(a) An accurate gauge shall be taken on each tank for which tank cleaning permit is applied, and the result entered on Form C-117.

(b) A representative sample of the tank bottoms of each tank shall be taken, and the amount of merchantable oil determined according to the standard centrifugal test as prescribed by the American Petroleum Institute's code for measuring, sampling, and testing crude oil, Number 25, Section 5, and such amount of oil shall be entered on Form C-117 by the owner or operator of the tank to be cleaned.

(c) The merchantable oil contained in any tank bottom or pit shall be measured and charged against the allowable of the unit or units producing into any tank or pit where such merchantable oil accumulates. This amount shall be shown as a separate item on Form C-115.

(d) Nothing contained in this Order shall apply to tank bottoms used on the lease from which the tank bottoms accumulated or to the treating of tank bottoms on the lease by the producer or operator where the merchantable oil recovered therefrom is disposed of through a duly authorized transporter as shown on form C-110 filed with the Commission.

(e) Nothing contained in this Order shall apply to the transfer of tank bottoms from one tank to another tank located in the same tank battery provided there is no change in the custody or control of the tank bottom.

(f) Nothing contained in this Order shall apply to reclaiming of pipe line break oil or the treating of tank bottoms at a pipe line station, crude oil storage terminal or refinery or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas gathering lines connected to gasoline plants and in scrubbers at such plants.

RULE 2. No treating plant, as defined in this Order, shall operate except in conformity with the following provisions.

(a) Every person desiring to operate, or cause to be operated, a treating plant within the State of New Mexico under the terms of this Order, shall, before he begins the construction thereof, apply to the Commission in writing for a permit. Such application shall state in detail the location, type, and capacity of the plant contemplated and method of processing proposed. The Commission shall set such application for a hearing in not less than twenty (20) days, and if satisfied that the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and other waste oils, and there is a need for such a plant at the proposed location thereof, a permit shall be granted authorizing the construction of such plant under the Commission's supervision.

No person shall operate, or cause to be operated, a treating plant without first having applied for and obtained an operating permit from the Commission, and such permit will be granted only after the plans of the plant have been approved and applicant has filed and received approval of bond as hereinafter provided and upon a showing satisfactory to the Commission after hearing and investigation.

The foregoing requirements shall have no application as to treating plants constructed and operating at the date of this Order under previous Order of the Commission provided that the future operations of such plants shall be in accordance of all other provisions of this Order.

Such permit, if granted, shall be valid for one(1) year, and shall be revocable at any time after hearing is had on 10 days' notice, if, in the judgment of the Commission, the treating plant to which such permit is related is so constructed, equipped, or operated as not to reclaim and conserve tank bottoms and/or other waste oils; or if, in the judgment of the Commission, the owner or operator of such treating plant, in the construction or operation thereof, is violating any law of the State of New Mexico relating to the production, transportation, processing, refining, treating and marketing of crude oil, or its products, or any law of said state adopted to conserve the oil and gas resources of the State of New Mexico, or any rule or regulation of the Commission enacted under and in pursuance of said laws.

(b) The treating plant operator shall be entitled to an approved Certificate of Compliance and Authorization to Transport Oil (Form C-110) for the total amount of products secured from tank bottoms and other waste oils processed in conformity with the provisions of this Order.

(c) Before actual operations are begun, the permittee shall file with the Commission a surety bond satisfactory to the Commission and payable to the Oil Conservation Commission and/or the State of New Mexico in the amount of \$25,000.00, conditioned upon faithful performance by the permittee of the provisions of this Order or of any further Order in this cause, observance of the applicable laws of the State of New Mexico and the rules and regulations heretofore or hereafter

promulgated by the Commission in any wise applicable.

(d) Any treating plant operating under these rules and regulations shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission a monthly report on Form C-118, which report when fully completed and approved by an authorized agent of the Commission, may be used to support a C-110 for the net oil on hand at the end of the reported period.

(e) Report Forms C-118 may be filed and C-110's issued at intervals more frequent than once monthly, but in no event may C-110's be issued for moving the products of a treating plant without a Form C-118 fully completed and approved.

### RULE 3.

(a) The provisions of this order shall not apply in connection with the recovery of wash-in oil, creek oil, or pit oil where such oil is picked up and returned to the lease on which produced or where such oil is disposed of to the transporter authorized by C-110's.

(b) Except as provided in paragraph (a) above any person desiring to pick up, reclaim, or salvage any wash-in oil, creek oil, or pit oil shall obtain in writing, a permit from the owner or operator of the lease, and a permit from a duly authorized agent of the Commission before picking up, reclaiming, or salvaging the same.

(c) All applications for permits to pick up, reclaim, or salvage wash-in oil, creek oil, or pit oil shall state the name and location of the lease, the number of the well or wells from which the oil was produced, or the source of such oil and the name of the owner, operator or manager.

RULE 4. The following definitions shall be applicable to the terms used in this Order.

(a) "Person" shall mean any natural persons, corporations, associations, partnerships, receivers, trustees, guardians, executors, administrators or a fiduciary, or representative of any kind.

(b) "Treating plant" shall mean any plant constructed for the purpose of wholly or partially or being used wholly or partially for reclaiming, treating, processing, or in any manner making tank bottoms or any other waste oils marketable.

(c) "Tank bottoms" shall mean that accumulation of hydrocarbon material and other substances which settle naturally below crude oil in tanks and receptacles that are used in the handling and storing of crude oil, and which accumulation contains in excess of two (2%) percent of basic sediment and water; provided, however, that with respect to lease production and for lease storage tanks, a tank bottom shall be limited to that volume of the tank in which it is contained that lies below the bottom of the pipe line outlet thereto.

(d) "Wash-in oil" shall mean oil used in the drilling of, or reworking of, a well, which has been run from another tank or tanks and recaptured by the operator.

(e) "Creek oil" shall mean <sup>oil</sup>accumulating in creeks due to lease line break, lease tank overflow, or any other cause.

(f) "Pit oil" shall mean the oil or emulsion accumulating in the pits where tank bottoms and escape oil from wells are accumulated.

IT IS FURTHER ORDERED BY THE COMMISSION that this Order shall control all rules and regulations with reference to the same subject matter and in conflict herewith, if any.

IT IS FURTHER ORDERED BY THE COMMISSION that this docket be kept open for such other and further Orders as may be necessary and appropriate in the premises.

OIL CONSERVATION COMMISSION  
NEW MEXICO

BY \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Date

LEA COUNTY OPERATORS  
HOBBS, NEW MEXICO  
JULY 13, 1948

PROPOSED

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO.

IN THE MATTER OF A  
GENERAL ORDER REGULATING  
TANK CLEANING, PLANTS PROCESSING  
TANK BOTTOMS, AND  
RECLAIMING OF WASTE OIL

CASES NO. 104, 110 & 138  
ORDER NO.

787

ORDER OF THE COMMISSION

WHEREAS, after publishing of notice for the time and in the manner required by law, the Oil Conservation Commission of the State of New Mexico held a hearing at Santa Fe, New Mexico, on July 15, 1947, and subsequently, for the purpose of receiving testimony and evidence concerning the necessity for promulgating rules and regulations for the cleaning of tanks used in connection with the production and storage of crude oil in the State of New Mexico, and the processing and reclaiming of tank bottoms, gasoline plant scrubber oil, waste oil, wash-in oil, creek oil, pit oil, pipe line break oil, and similar types and kinds of oil; and

WHEREAS, pursuant to the evidence presented at said hearing and independent investigations of the Commission, the Commission is of the opinion and finds that rules and regulations should be adopted.

THEREFORE, IT IS ORDERED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO, effective Oct. 15, 1947, the following rules and regulations are hereby adopted to govern, regulate and control the cleaning of all tanks used in the handling, production, and/or measuring, and storing of crude oil in the State of New Mexico, the processing of tank bottoms, the construction and operation of treating plants, and the picking up, reclaiming, and/or salvaging of tank bottoms, waste oil, wash-in oil, creek oil, pit oil; to-wit:

RULE 1. No "tank bottoms," as hereinafter defined, shall be removed from any tank used for the storage of crude petroleum oil, except as hereinafter provided, unless and until application for tank cleaning permit shall have been made on the Commission's Form C-117, and approved by agent of the Commission. Provided further that approval shall not be given until tank for which permit is requested shall be tested as follows:

(a) An accurate gauge shall be taken on each tank for which tank cleaning permit is applied, and the result entered on Form C-117.

(b) A representative sample of the tank bottoms of each tank shall be taken, and the amount of merchantable oil determined according to the standard centrifugal test as prescribed by the American Petroleum Institute's code for measuring, sampling, and testing crude oil, Number 25, Section 5, and such amount of oil shall be entered on Form C-117 by the owner or operator of the tank to be cleaned.

(c) The merchantable oil contained in any tank bottom or pit shall be measured and charged against the allowable of the unit or units producing into any tank or pit where such merchantable oil accumulates. This amount shall be shown as a separate item on Form C-115.

(d) Nothing contained in this Order shall apply to tank bottoms used on the lease from which the tank bottoms accumulated or to the treating of tank bottoms on the lease by the producer or operator where the merchantable oil recovered therefrom is disposed of through a duly authorized transporter as shown on form C-110 filed with the Commission.

✓(e) Nothing contained in this Order shall apply to the transfer of tank bottoms from one tank to another tank located in the same tank battery provided there is no change in the custody or control of the tank bottom.

✓(f) Nothing contained in this Order shall apply to reclaiming of pipe line break oil or the treating of tank bottoms at a pipe line station, crude oil storage terminal or refinery or to the treating by a gasoline plant operator of oil and other catchings collected in traps and drips in the gas gathering lines connected to gasoline plants and in scrubbers at such plants.

RULE 2. No treating plant, as defined in this Order, shall operate except in conformity with the following provisions.

(a) Every person desiring to operate, or cause to be operated, a treating plant within the State of New Mexico under the terms of this Order, shall, before he begins the construction thereof, apply to the Commission in writing for a permit. Such application shall state in detail the location, type, and capacity of the plant contemplated and method of processing proposed. The Commission shall set such application for a hearing in not less than twenty (20) days, and if satisfied that the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottom emulsion and other waste oils, and there is a need for such a plant at the proposed location thereof, a permit shall be granted authorizing the construction of such plant under the Commission's supervision.

No person shall operate, or cause to be operated, a treating plant without first having applied for and obtained an operating permit from the Commission, and such permit will be granted only after the plans of the plant have been approved and applicant has filed and received approval of bond as hereinafter provided and upon a showing satisfactory to the Commission after hearing and investigation.

The foregoing requirements shall have no application as to treating plants constructed and operating at the date of this Order under previous Order of the Commission provided that the future operations of such plants shall be in accordance of all other provisions of this Order.

Such permit, if granted, shall be valid for one(1) year, and shall be revocable at any time after hearing is had on 10 days' notice, if, in the judgment of the Commission, the treating plant to which such permit is related is so constructed, equipped, or operated as not to reclaim and conserve tank bottoms and/or other waste oils; or if, in the judgment of the Commission, the owner or operator of such treating plant, in the construction or operation thereof, is violating any law of the State of New Mexico relating to the production, transportation, processing, refining, treating and marketing of crude oil, or its products, or any law of said state adopted to conserve the oil and gas resources of the State of New Mexico, or any rule or regulation of the Commission enacted under and in pursuance of said laws.

(b) The treating plant operator shall be entitled to an approved Certificate of Compliance and Authorization to Transport Oil (Form C-110) for the total amount of products secured from tank bottoms and other waste oils processed in conformity with the provisions of this Order.

(c) Before actual operations are begun, the permittee shall file with the Commission a surety bond satisfactory to the Commission and payable to the Oil Conservation Commission and/or the State of New Mexico in the amount of \$25,000.00, conditioned upon faithful performance by the permittee of the provisions of this Order or of any further Order in this cause, observance of the applicable laws of the State of New Mexico and the rules and regulations heretofore or hereafter

promulgated by the Commission in any wise applicable.

(d) Any treating plant operating under these rules and regulations shall, on or before the 15th day of each calendar month, file at the nearest office of the Commission a monthly report on Form C-118, which report when fully completed and approved by an authorized agent of the Commission, may be used to support a C-110 for the net oil on hand at the end of the reported period.

(e) Report Forms C-118 may be filed and C-110's issued at intervals more frequent than once monthly, but in no event may C-110's be issued for moving the products of a treating plant without a Form C-118 fully completed and approved.

### RULE 3.

(a) The provisions of this order shall not apply in connection with the recovery of wash-in oil, creek oil, or pit oil where such oil is picked up and returned to the lease on which produced or where such oil is disposed of to the transporter authorized by C-110's.

(b) Except as provided in paragraph (a) above any person desiring to pick up, reclaim, or salvage any wash-in oil, creek oil, or pit oil shall obtain in writing, a permit from the owner or operator of the lease, and a permit from a duly authorized agent of the Commission before picking up, reclaiming, or salvaging the same.

(c) All applications for permits to pick up, reclaim, or salvage wash-in oil, creek oil, or pit oil shall state the name and location of the lease, the number of the well or wells from which the oil was produced, or the source of such oil and the name of the owner, operator or manager.

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(b) "Treating plant" shall mean any plant constructed for the purpose of wholly or partially or being used wholly or partially for reclaiming, treating, processing, or in any manner making tank bottoms or any other waste oils marketable.

(c) "Tank bottoms" shall mean that accumulation of hydrocarbon material and other substances which settle naturally below crude oil in tanks and receptacles that are used in the handling and storing of crude oil, and which accumulation contains in excess of two (2%) percent of basic sediment and water; provided, however, that with respect to lease production and for lease storage tanks, a tank bottom shall be limited to that volume of the tank in which it is contained that lies below the bottom of the pipe line outlet thereto.

(d) "Wash-in oil" shall mean oil used in the drilling of, or reworking of, a well, which has been run from another tank or tanks and recaptured by the operator.

(e) "Creek oil" shall mean <sup>oil</sup>accumulating in creeks due to lease line break, lease tank overflow, or any other cause.

(f) "Pit oil" shall mean the oil or emulsion accumulating in the pits where tank bottoms and escape oil from wells are accumulated.

IT IS FURTHER ORDERED BY THE COMMISSION that this Order shall control all rules and regulations with reference to the same subject matter and in conflict herewith, if any.

IT IS FURTHER ORDERED BY THE COMMISSION that this docket be kept open for such other and further Orders as may be necessary and appropriate in the premises.

OIL CONSERVATION COMMISSION  
NEW MEXICO

BY \_\_\_\_\_  
Chairman

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Date

LEA COUNTY OPERATORS  
HOBBS, NEW MEXICO  
JULY 13, 1948



REPORT OF LEA COUNTY OPERATORS SUB-COMMITTEE APPOINTED 10-6-47  
TO MAKE A STUDY OF COMMISSION ORDER #726, CASE #104

The committee proposes to the operators the following statement to the Conservation Commission at the Hearing to be held in Santa Fe on October 15, 1947. The operators have no objection to the type of order as issued in the Case #104, except as under the fact finding of "substantial waste" and "great quantities". The following data is offered as evidence that "substantial waste" and "great quantities" of waste does not exist from field gathering tanks, well completions and oil runs to pipe lines by 16 operators representing 85.3% of total production during the first 6 months of 1947.

Estimated amount of merchantable oil drawn off in tank cleaning and pit oil averages twelve hundredths of one percent of total oil produced for period.

Next it is desired to point out that a large percentage of these tank cleanings and pit oils are used to maintain lease roads, tank battery grades, well yards, etc, which maintenance, if this material were not available, would require greater expense to the operators, due to terrain conditions, and that every reasonable effort is being made by the majority of operators to reduce the frequency of tank cleaning and bottom accumulations, by use of chemicals, treating systems, circulating pumps, etc.

As the operators understand the Order granting permission to operate an oil reclamation plant in the State of New Mexico, this Order is acceptable to the operators, except as mentioned above, and the procedure by which the Commission granted the Order is considered applicable to similar cases at this time.

Respectfully submitted

M. C. BRUNNER, Chairman

LEA COUNTY OPERATORS COMMITTEE  
OCTOBER 10, 1947  
Hobbs, New Mexico

**PRODUCTION  
MAINTENANCE**

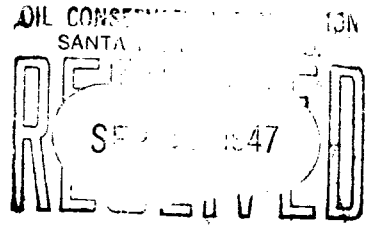
*Company*

CONTRACTORS

CONNECTION CREWS

ROUSTABOUT GANGS

HOBBS, NEW MEXICO September 25, 1947



Oil Conservation Commission of New Mexico  
Santa Fe  
New Mexico

Gentlemen:

In compliance with Order No. 726, Paragraph 5 you will find attached an affidavit. If this is not specifically as required, please advise and your instructions will be followed.

The bond provision under Paragraph 3 is in the process of clearing. It may be a matter of some 3 weeks before the mechanics can be completed but posting will be made at the earliest date possible.

Yours very truly

*Walter Famariss, Jr.*  
Walter Famariss, Jr.

WF/tj  
Reg. Mail

October 4, 1949

Mr. L. D. Mirand  
Keal and Mirand  
Keal Building  
Hobbs, New Mexico

Dear Mr. Mirand:

We are in receipt of the application for renewal of permit for  
Walter Famariss, Jr.

We will direct our Hobbs representative to make an inspection of this  
plant and report his findings to this office, with particular reference  
to Paragraph 2-a of Order 787. Upon receipt of a satisfactory report  
from our Hobbs representative, we will immediately advise regarding  
the renewal of the annual permit.

Also, we must have approval from the bonding company that they consent  
to be bound, and all rules and regulations must be complied with.

When these conditions have been met satisfactorily, the permit will be  
issued, without a hearing.

Very truly yours,

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

RECEIVED

R. R. Spurrier  
Secretary-Director

Roy: Will you please check the Famariss plant, particularly with reference  
to contents of Section 2-A of Order 787. Please supply us with a  
written report and recommendations as to whether or not Famariss  
should be granted above mentioned renewal permit. Famariss must  
also contact the bonding company and have them file a consent to  
be bound.

ILLEGIBLE

TO ALL OPERATORS:

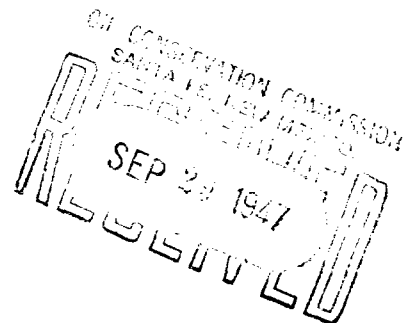
On September 17, 1947, a hearing was held by the Oil Conservation Commission of the State of New Mexico at Santa Fe, New Mexico. Attached, hereto, you will find a copy of the Notice of Publication and the number and outline of the cases heard at that meeting.

Case 110: In the matter of the application of Hardin-Houston, a partnership, Hobbs, New Mexico for a general order regulating tank cleaning, plants processing tank bottoms and recleaning of waste oil and transportation of tank bottoms and waste oil, was heard. Oil company representatives and the representative for the Lea County Operators felt that Case No. 110 would to some extent effect every operator in Lea and Eddy County to such an extent that the Commission was requested to recess the hearing of Case No. 110 until October 15, 1947, in order that each company wishing to do so could appear before the Commission and state their views relative to the processing and disposition of B.S. & W. from field tanks in Southeastern New Mexico. This request was granted.

Contained herein in addition to the Notice of Publication of the hearing held September 17, you will find a copy of Order No. 726, Case #104, issued to Walter Famariss, Jr., for permission to purchase and process tank bottoms, pit oil, gasoline plant catchings, etc. Also a copy of the petition presented to the Commission by Hardin-Houston under Case #110 together with a proposed order presented by Hardin-Houston pertaining to tank cleaning, plants processing tank bottoms and recleaning of waste oil and transportation of tank bottoms and waste oil.

GLENN STALEY

LEA COUNTY OPERATORS COMMITTEE  
SEPTEMBER 19, 1947



- NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission of New Mexico, pursuant to law, hereby gives public notice of the following hearings to be had at a special meeting of the Commission to be held September 17, 1947, beginning at 10:00 A.M. on said date at Santa Fe, New Mexico:

STATE OF NEW MEXICO TO:

All named parties in the following cases,  
and notice to the public:

Case 101

In the matter of the application of American Employers Insurance Company for an order directed to Frank Griggs, Lubbock, Texas, John Darden, Lubbock, Texas, and John H. Hawkins, Fort Sumner, New Mexico to show cause why a well located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 11, Township 4 North, Range 26 East, DeBaca County, New Mexico should not be declared abandoned and ordered plugged.

Case No. 109

In the matter of the application of Leonard Oil Co., Roswell, New Mexico for an order approving an unorthodox location for the Leonard State No. 6 well in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 28, Township 17 South, Range 29 East, Eddy County, New Mexico, the allocation of production to said described tract and unconditional approval of a C-110 for the well.

Case 110

In the matter of the application of Hardin-Houston, a partnership, Hobbs, New Mexico for a general order regulating tank cleaning, plants processing tank bottoms and recleaning of waste oil and transportation of tank bottoms and waste oil.

Case 111

In the matter of application of G. B. Suppes to unitize the E/2 NE/4 of Section 33, Township 16 South, Range 31 East, N.M.P.M. , Eddy County, New Mexico and for approval of two unorthodox locations thereon, (1) 330 Ft. from the East line and 1270 ft. from the North line of Section 33, (2) Located 990 ft. from the east line and 1370 ft. from the north line of said section 33, in township 16 South, Range 31 East, N.M.P.M.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico on August 29, 1947.

OIL CONSERVATION COMMISSION

BY: R.R. SPURRIER

R.R. SPURRIER, Secretary

LEA COUNTY OPERATORS COMMITTEE  
SEPTEMBER 10, 1947  
HOBBS, NEW MEXICO

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN RE: CONSERVATION AND PREVENTION     )  
      OF WASTE OF CRUDE PETROLEUM     (  
      AND NATURAL GAS IN THE STATE     )  
      OF NEW MEXICO                    (

COME NOW Hardin-Houston, a partnership composed of J. B. Hardin and Earl Hardin, both of Hobbs, Lea County, New Mexico, and would respectfully show to the Commission:

1. That applicants are engaged in the business of tank cleaning and well servicing in the oilfields of eastern New Mexico; that in the cleaning of tanks and burn pits there is considerable marketable oil that can be recovered from the tanks and burn pits by treating; that of the quantity of emulsion recovered from tank bottoms and burn pits that the merchantable oil salvagable ranges from five to thirty percent of the total quantity.

2. That under the existing rules and regulations of the Commission, there is no provision made for the procuring of tenders authorizing the transportation of this recoverable oil.

3. That the Oil Conservation Commission of New Mexico was created for the express purpose of preventing waste production and marketing of oil and gas in the State of New Mexico.

4. That the matter brought to the attention of the Commission by this application is a matter of general concern to all oil and gas producing areas in the State of New Mexico, and the regulation and control of the salvage oil should be covered by a General Order that would be applicable to all areas within the State of New Mexico.

5. That at the present time in the majority of the oilfields of New Mexico this salvageable oil is being destroyed by burning or dumping upon lease roads and lease properties.

6. That in order to process and save the salvageable oil from tank bottoms and waste oils within the state, it is necessary that treating plants be constructed for the reason that the small amount of emulsion recoverable from any particular tank battery or lease property is not sufficient to warrant its processing separately. The processor will be required to process in amounts of five hundred barrels or more in order to economically process the oil. This in itself will cause a comingling of tank bottoms and waste oil from numerous leases. The amount recoverable from any particular lease will be unascertainable.

7. The Commission should enter an Order which would regulate the tank cleaner and well servicer, the transporter of tank bottoms and waste oil as well as the processor of tank bottoms and waste oil so as to preclude the running of hot oil by alleged processors and unsceupulous producers.

8. The applicants tender along with this application a proposed Order which these applicants believe will regulate the parties coming into contact with waste oil and tank bottoms so that the running of hot oil by alleged processors or by any operators under the guise of processing will be precluded and at the same time will conserve natural resources of the State of New Mexico.

WHEREFORE, Applicants pray that this Commission set a date for a hearing on this application and upon a hearing hereon if proper showing is made to enter its General Order regulating tank cleaning, plants processing, tank bottoms and reclaiming of waste oil and the transportation of tank bottoms and waste oil.

Respectfully submitted,

NEAL & GIRARD

By \_\_\_\_\_  
Attorneys for Hardin-Houston  
(Hobbs, New Mexico)

STATE OF NEW MEXICO    )  
                              (  
COUNTY OF LEA            )

I, J. B. HARDIN, being first duly sworn upon my oath, state:

I am one of the members of the partnership, Hardin-Houston;  
I have read and understand the contents of the foregoing application, and the facts therein alleged are true and correct.

\_\_\_\_\_  
SUBSCRIBED AND SWORN to before me this the \_\_\_\_ day of July, A.D., 1947.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:  
February 12, 1951

G/l's

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN RE: CONSERVATION AND PREVENTION  
OF WASTE OF CRUDE PETROLEUM  
AND NATURAL GAS IN THE STATE  
OF NEW MEXICO.

SPECIAL ORDER REGULATING TANK CLEANING, PLANTS  
PROCESSING TANK BOTTOMS AND RECLAIMING OF WASTE  
OIL AND TRANSPORTATION OF TANK BOTTOMS AND WAST  
OIL

---

WHEREAS, it has come to the attention and for the consideration of the Oil Conservation Commission of the State of New Mexico of a necessity to provide adequate and sufficient rules and regulations affecting tank cleaning, plants processing tank bottoms and reclaiming waste oil and the transportation of tank bottoms and reclaimed waste oil in the state of New Mexico; and,

WHEREAS, it has been brought to the attention of the Commission that there is contained in tank bottoms salvagable merchantable oil in quantities ranging from 5% to 30% of the total contents of the tank bottoms; and,

WHEREAS, the practice of tank cleaners in the fields of the State of New Mexico has for years been to burn or dispose of waste oil and tank bottoms without attempting to reclaim or process the merchantable oil existing therein, thereby affecting an appreciable waste of natural resources of the State of New Mexico.

THEREFORE, IT IS ORDERED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO, effective the 15th day of July, A.D., 1947, as follows:

RULE 1. No "Tank bottoms", as hereinafter defined, shall be removed from any tank used for the storage of crude petroleum oil unless same has been tested as follows:

(a) At least two gauges, which check, shall be taken on each tank for which tank cleaning permit is applied, the result of both gauges to be reflected on reports to be filed by the producer and the tank cleaner upon forms to be provided by this Commission.

(b) Application for tank bottom cleaning permit shall be made on forms to be provided by the Commission, and shall be filled in completely and approved by the Commission's agent before any tank bottom is removed from any tank. It is not the intention of this rule to require a permit when a producer or operator recycles his own tank bottoms in his own lease treating system, and same is not disposed of except to the regular pipeline outlet to which said lease is connected.

(c) All tank bottoms removed from any lease, or leases, by any tank cleaner or transported other than a common purchaser shall be reported to the Commission as to volume of bottoms removed, place of origin, destination of the shipment and each processor, as hereinafter set out, shall retain a copy of this transporter's report.

RULE 2. No treating plant, as defined in this Order, shall operate except in conformity with the following rules and regulations:



(a) Every person desiring to operate, or cause to be operated, a treating plant under the terms of this Order shall, before he begins the construction thereof, apply to the Commission in writing for a permit. Such application shall state in detail the type of plant contemplated, and method of processing proposed to be used. The Commission shall set such application for a hearing in not less than twenty (20) days and if satisfied that the proposed plant and method of processing will actually and efficiently process, treat and reclaim tank bottoms, a permit will be granted authorizing the construction of such plant under the Commission's supervision. The foregoing requirement as to temporary permits shall have no application to treating plants already in existence and capable of efficiently processing, treating and reclaiming tank bottoms.

No person or persons shall operate, or cause to be operated, a treating plant without having first applied for and obtained an operating permit from the Commission, and such permit will be granted only after the plant has been completed, tested, and approved and upon a showing satisfactory to the Commission, from such application and the evidence in support thereof.

Such permit, if granted, shall be valid for only one (1) year, and shall be revocable at any time after hearing is had on ten days' notice, if, in the judgment of the Commission, the treating plant to which such permit related is so constructed, equipped or operated as not to reclaim and conserve tank bottom; or if, in the judgment of the Commission, the owner or operator of such treating plant, in the construction or operation thereof, is violating any law of the State of New Mexico relating to the production, transportation, processing, refining, treating, and marketing of crude oil, or its products, or any law of said state adopted to conserve the oil and gas resources of the State of New Mexico, or any rule or regulation of the Commission enacted under and in pursuance of said laws.

(b) The total amount of products secured from tank bottoms, by treating plant processing tank bottoms, and operating in conformity with the provisions of this Order shall be entitled to a tender.

(c) Any treating plant operating under these rules and regulations shall, on or before the 15th day of each calendar month, file in the nearest office of the Commission a monthly report on forms to be supplied by this Commission. Each such monthly report shall contain full and accurate information covering the following details of the business conducted by such reporting company during the preceding period. The report shall cover the period from 7:00 A.M. the first day of the calendar month reported, and end at 7:00 A.M. the first day of the calendar month in which the report is filed. The date required in each report shall be:

(1) The number of barrels of each kind of tank bottoms and treated tank bottoms on hand in the possession, custody, or control of such plant, at the beginning and close of such reported period, and location, where all of such tank bottoms and treated tank bottoms were held, including the location and identification of each tank or place of deposit.

(2) The number of barrels of each kind of tank bottoms and treated tank bottoms which came into the possession of such plant during such reported period. Each quantity of tank bottoms so reported shall be identified by the permit number authorizing its taking.

(3) The number of barrels of tank bottoms treated and/or processed during such reported period and number of barrels of treated tank bottoms recovered, and the treating or processing loss during such reported period.

(4) the number of barrels of treated tank bottoms sold and/or delivered and/or transported during the reported period; to whom delivered and/or transported, together with the approved tender number on which such delivery was made.

(5) After the report form to be prepared by the Commission has been assigned a serial number and approved by an authorized agent of the Oil Conservation Commission, it may be used to support delivery tenders for the net oil on hand at the end of the reported period.

RULE 3. (a) Any person picking up, reclaiming or salvaging any "wash-in" oil, creek, oil, pit oil, or "pipeline break" oil shall apply to the Commission for a permit to do so before picking up, salvaging or reclaiming the same. All applications or permits to pick up or reclaim wash-in oil shall state the name of the lease, the number of the well or wells in which such oil was used for wash purposes, and the name of the operator so using the same for such purposes, and the date on which it was used. The application shall also show the source of the oil, giving the name of the lease, the name of the operator, the date acquired.

(b) Applications for permit to pick up creek oil shall state the location of the oil sought to be picked up, the name of the creek, if known, and the source of such oil, giving the name of the lease, the number of the well from which the same escaped, together with the name of the operator of such lease and well; such applications shall also state, if known, the date on which such oil escaped from such well, the cause of escape.

(c) Application to pick up, salvage or reclaim pit oil shall describe and identify the location of the pit, or pits, to be drained, and the name of the party in possession, or who has control of the pit oil, or other substance containing crude petroleum and such application shall also describe the well or wells from which such pit oil or other fluid or substance containing crude petroleum was produced, if ascertainable, and the name of the lease on which such well or wells may be located, if ascertainable.

(d) Applications to reclaim pipeline break oil shall state the location of such oil, the location of the break in the pipeline causing the leakage of such oil, the name of the pipeline carrier, the owner thereof, and the date of the break.

RULE 4. All applications for permits as tank cleaners, tank bottom processors, waste oil processors, pit oil processors as well as the transporters thereof shall be made in writing under oath to the Oil Conservation Commission of the State of New Mexico.

RULE 5. IT IS ORDERED that unless the content otherwise requires, the words defined in this Order shall have the following meaning:

(a) "Person" shall mean any natural persons, corporations, associations, partnerships, receivers, trustees, guardians, executors, administrators, or a fiduciary, or representative of any kind.

(b) "Treating Plant" shall mean any plant or assembly of machinery or equipment, such as boilers, pipes, tanks, pumps, et cetera, constructed for the purpose of wholly or partially, or being used wholly or partially for cleaning tanks, removing tank bottoms from tanks, transporting tank bottoms, or reclaiming, treating, processing, or in any manner cleaning and marking tank bottoms marketable.

(c) "Tank Bottoms" is hereby defined as the accumulation of hydrocarbon and other substances which settle naturally below crude oil, and which contain at least two per cent basic sediment and water, and which occupies not more than the space below the pipe line outlet, and in the case of the lease production tank, not more than the lower eighteen (18) inches of said lease production tank to be cleaned.

(d) "Treated Tank Bottoms" shall mean the recovered product from the treating, reclaiming, processing or cleaning of tank bottoms. This term shall be used by treating plants in the application for tenders.

(e) "Transporters" shall mean any conveyer by tank truck or pipeline of tank bottoms, pit oil, or pipe line break oil or wash-in oil, who transports any of the above enumerated substances from their location as such to any treating plant, common purchaser, or refinery.

IT IS FURTHER ORDERED BY THE COMMISSION that this Order shall control all rules and regulations with reference to the same subject matter and in conflict herewith, if any.

IT IS FURTHER ORDERED BY THE COMMISSION THAT this docket be kept open for such other and further Orders as may be necessary and appropriate in the premises.

OIL CONSERVATION COMMISSION OF  
NEW MEXICO

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO  
September 19, 1947

SETH AND MONTGOMERY  
ATTORNEYS AND COUNSELORS AT LAW  
111 SAN FRANCISCO ST.  
SANTA FE, NEW MEXICO

J. O. SETH  
A. K. MONTGOMERY  
OLIVER SETH

June 13, 1947

104

Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

Enclosed please find Petition of Walter Famariss, Jr. for permission to purchase and process waste oil, and dispose of same under regulations to be established by the Commission.

Yours very truly,

JOS:AW  
Encls.

FRAZIER AND QUANTIUS

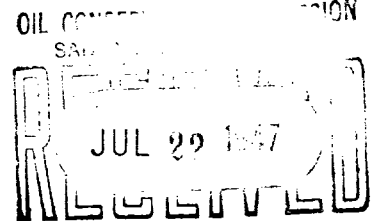
ATTORNEYS AT LAW

BOX 942

123 WEST FOURTH STREET

ROSWELL, NEW MEXICO

LAKE J. FRAZIER  
LELAND M. QUANTIUS  
D. A. CALDERON



July 19, 1947.

Hon. R. R. Spurrier,  
Oil Conservation Commission,  
Box 871,  
Santa Fe, New Mexico

Dear Mr. Spurrier:

In line with our conversation, I send you herewith Original and copy of my ideas for an Order in case No. 104, Walter Famarris, Jr., which you will no doubt hand to Mr. Graham for his consideration.

Mr. Girand has sent me a copy of his proposed Order, but I am very doubtful whether the Commission should undertake to enter a general regulation of that type under the hearing held in this particular case.

It is further very doubtful whether it would be advisable to have treating plants of this kind begin operation without making application to the Commission for authority, since I believe that by requiring individual applications, the number of treating plants can be kept to a minimum, and thus be of less concern to the Commission.

I have also outlined a proposed new form which you and Mr. Graham can consider.

I enclose herewith notation of my expenses for the recent hearings.

I am sending you herewith forms of Orders in cases Nos. 100, 101, and 102, together with the letter from the Pecos Valley Artesian Conservancy District, showing the plugging of the well involved in case No. 100. It appears from such letter that the well is properly plugged, but of course you can withhold the order until one of your inspectors makes a direct report to you.

Sincerely yours,

FRAZIER & QUANTIUS

BY:   
LAKE J. FRAZIER

LJF..vw  
Enc.6

SUGGESTIONS FOR ORDER IN CASE 104, Walter Famariss, Jr.

FINDINGS OF FACT:

1. That substantial percentages of tank bottom waste, pit oil, gasoline plant "catchings" and other oil and waste not merchantable can be salvaged by proper processing thereof;
- 3 2. That continued destruction of such substances, which can be so salvaged from what has heretofore been regarded as waste materials, would constitute "surface waste" within the meaning of the laws of New Mexico, and the rules and regulations of the New Mexico Oil Conservation Commission;
- 4 ✓ 3. That the preservation and marketing of merchantable oil or other derivatives from such substances should be encouraged, and that any merchantable oil so saved should not be charged to the allowable production of any well in view of the uncertainty and variation as to what portion of any such substances can be saved and rendered marketable under existing processes;
- 5 4. That the New Mexico Oil Conservation Commission has jurisdiction of this proceedings, and that due notice of this cause has been given as provided by law; that this cause should remain open for such further orders as the Commission may from time to time deem proper or necessary;
- 5 5. That it is immaterial, so far as the Commission is concerned, whether or not, the above described substances are acquired for salvage by purchase, or by gift from the owner or owners thereof;
- 6 6. That the Applicant should be allowed to proceed with development of his salvage plant or plants in the State of New Mexico, but that no such substances should be removed, or attempted to be removed, from the State of New Mexico until all merchantable oil or derivatives have been salvaged;
- 7 7. That the Applicant should file with the Commission Form C-116, properly executed by the producer of all such substances, and by himself, giving all information required by said Form, upon delivery of any such waste substances to Applicant, and also upon completion of processing thereof;
- 8 8. That on or before October 1, 1947, the Applicant should file with the Commission complete data regarding the location of any

processing plant or plants to be operated by him in the State of New Mexico, giving detailed information as to the capacity thereof, and, after operations are begun, the Applicant should file with the Commission Form C-116 weekly, showing the salvage during each day of the preceding <sup>month</sup> week;

9. That in the event the Applicant fails or refuses to furnish the information required by the Commission, or violates the laws of New Mexico, or the rules or regulations of the Commission regarding oil or its derivatives, upon written notice by the Commission to Applicant of such failure, refusal or violations, the Applicant should cease all operations until such time as the Applicant may satisfy the Commission that he has complied with all of the provisions of this Order;

10. That the Applicant should file with the Commission a <sup>Surety</sup> personal bond and a sworn financial statement, showing to the satisfaction of the Commission unencumbered assets totalling at least \$25,000.00, or a surety bond written by a company duly authorized to do business in the State of New Mexico in the penal sum of \$25,000.00, conditioned for faithful compliance with the laws of New Mexico, and the rules and regulations of this Commission, and further providing that the penalties provided by law will be promptly paid to the State of New Mexico for any violation thereof; that, if such surety bond be not furnished, the Applicant shall file with the Commission a statement, under oath, that he will promptly advise the Commission of any change in his financial status whereby his net worth may be decreased; IT IS THEREFORE ORDERED:

1. That the Applicant, Walter Famariss, Jr., be, and he is hereby, authorized to acquire tank bottom waste, pit oil, gasoline plant "catchings", and other oil and waste, not merchantable, by purchasing the same, or other bona fide method, and to process the same for the purpose of salvaging all merchantable oil or derivatives therefrom.

2. That said Applicant shall operate his processing plant or plants in the State of New Mexico, and shall not remove, or attempt to remove, any subh substance from the State of New Mexico until all merchantable oil or derivatives have been salvaged therefrom.

3. That he shall, on or before October 1, 1947, file with the Commission complete data regarding the location of any processing plant or plants to be operated by him in this State, giving detailed information as to the capacity thereof.

4. That after operations are begun, he shall file with the Commission weekly Form C-116, showing in detail the amounts of such materials received by him, and the sources thereof, said Form to be executed by the respective producers of such substances, and by himself; that he shall likewise file weekly with the Commission said Form C-116 showing the amounts of merchantable oil or derivatives saved and salvaged from such substances.

5. That, prior to the time operations are begun, he shall furnish to the Commission a personal bond conditioned as herein required, and a sworn financial statement showing, to the satisfaction of the Commission, assets located in the State of New Mexico, free from all encumbrances, in the sum of at least \$25,000.00, and shall further file with the Commission a statement, under oath, that he will promptly furnish to the Commission full details of any change in his financial status whereby his assets in this State, free and clear of all encumbrances, shall be reduced to less than \$25,000.00 or the Applicant shall, prior to beginning operations, file with the Commission a surety bond conditioned for the faithful compliance by Applicant with the requirements of law, and the rules and regulations of this Commission, regarding oil, or its derivatives.

6. That the Applicant file with the Commission an agreement, under oath, that in the event he fails or refuses to furnish the Commission with the information required by it by this Order, or violates the laws of New Mexico, or the rules and regulations of this Commission, regarding oil or its derivatives, upon written notice by the Commission to him, pointing out such vilation or violations, he



will immediately cease all operations until such time as he satisfies the Commission that he has complied with the requirements hereof in every respect.

7. That Applicant shall not transport, or attempt to transport by any method, any merchantable oil or derivatives thereof without proper Certificate of Compliance and Authorization from the Commission.

8. That any merchantable oil or derivatives ~~also~~ salvaged shall not be charged to the allowable production of any well from which any such materials may be received by Applicant.

## TANK CLEANING PERMIT

A. PIPE LINE CONNECTED TO TANK TO BE CLEANED: Date 19

Name of Operator or Owner of Tank

Lease Survey County

Tank No. Capacity Height

Gross Contents in Barrels Feet and Inches

Height of Stationary Pipe Line Connection Feet and Inches.

This is to certify that the above described tank contains only the above amount of gross contents and no merchantable oil transportable by pipe line on this date. This pipe line is requesting that the above tank be cleaned of tank bottoms before another pipe line run is made from said tank.

Pipe Line Company.

By Agent or Gauger.

B. OWNER OR OPERATOR OF TANK TO BE CLEANED: Date 19

Name of Owner or Operator of Tank

Lease Survey County

Tank No. Capacity Height

Gross Contents in Barrels Feet and Inches

This is to certify that on 19, the  
Pipe Line Company requested that the above described tank be cleaned of tank bottoms before another pipe line run was made from said tank and that the tank contains only the above contents.

Date of last Tank Cleaning Permit Issued on above Tank 19

Tank will be cleaned by and contents will be

Owner or Operator of Tank.

STATE OF TEXAS

By Agent.

County of

BEFORE ME, The undersigned authority, on this day personally appeared

known to me to be the person whose name is subscribed in this instrument, who after being duly sworn on oath states that he is in charge of the above listed tanks and is

employed in the capacity of and that the permit contains no misstatement or inaccuracy and that no pertinent matter inquired about in said permit has been omitted from said permit and that said permit is a correct statement of the facts therein recited.

Signature of person making affidavit.

Sworn to and subscribed before me this the day of 19

Notary Public County, Texas.

THIS SPACE TO BE FILLED IN BY RAILROAD COMMISSION EMPLOYEE CHECKING  
ABOVE INFORMATION.

Tank No. as described above contains Tank Bottoms

Not Chargeable and Oil Chargeable.

Date 19 Disposition of contents of tank bottom

APPROVED:  
Railroad Commission Agent or Employee.

(OVER)

THIS SPACE TO BE FILLED IN ONLY IF CONTENTS OF TANK DESCRIBED ON FRONT SIDE OF THIS PERMIT ARE TO GO TO A TREATING PLANT FOR TREATING OR RECLAIMING OF TANK BOTTOMS.

C. Name of Plant \_\_\_\_\_ Address \_\_\_\_\_

This is to certify that on \_\_\_\_\_ 19\_\_\_\_\_.

Tank No. \_\_\_\_\_ Capacity \_\_\_\_\_ Height \_\_\_\_\_

Owned or Operated by \_\_\_\_\_

Located on \_\_\_\_\_ Lease \_\_\_\_\_ Survey \_\_\_\_\_ County \_\_\_\_\_

containing \_\_\_\_\_ Feet and Inches of Tank Bottoms and oil was cleaned of said bottoms described on the front side of this permit.

The tank bottoms were transported to \_\_\_\_\_ Plant \_\_\_\_\_

Located on \_\_\_\_\_ Lease \_\_\_\_\_ Survey \_\_\_\_\_ County \_\_\_\_\_

This is to certify that no crude oil or product of crude oil was mixed with or substituted for the tank contents as described on the front side of this permit; that no rule or regulation of the Railroad Commission of Texas was violated in the cleaning of the tank transportation of contents or treating of said contents of said tank.

\_\_\_\_\_  
Treating Plant.

By \_\_\_\_\_

Agent.

STATE OF TEXAS

County of \_\_\_\_\_

BEFORE ME, The undersigned authority, on this day personally appeared \_\_\_\_\_

\_\_\_\_\_ known to me to be the person whose name is subscribed to this instrument, who, after being duly sworn, states that he is the person in charge of the treating plant named above

and is employed in the capacity of \_\_\_\_\_ and that the above report contains no misstatement or inaccuracy, and that no pertinent matter inquired about in said report has been omitted from said report and that said report is a correct statement of the facts therein related.

\_\_\_\_\_  
Signature of person making affidavit.

Sworn to and subscribed before me this the \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_.

\_\_\_\_\_  
Notary Public \_\_\_\_\_ County, Texas.

**INSTRUCTION:**

This report is to be filled out completely in quadruplicate. Field office of Commission to retain one copy; Operator or Owner of Tank to retain one copy; Treating Plant to retain two copies, one of which will be executed by such plant and filed with the field office of the Commission within 48 hours after tank is cleaned, and one copy retained in files.

June 11, 1947

Walter Famariss phoned from Hobbs to state an angle of the oil reclamation plan which he failed to discuss or bring up yesterday in his discussion with Mr. Spurrier and myself. The substance of this proposition is that if in the sale of gas to gasoline plants through gas lines, certain oil and sludge invariably gets in these gas lines. It is gathered in the gas line in various drips. That which goes on with the gas to the gasoline plant is what they term "docked out." That's separated from the gas and fluid gasoline and run into pits where it is burned.

This sort of waste oil is desired by Mr. Famariss, but represents a tougher problem than the tank-cleaning proposition because its ownership or allocation to a producer is impossible. There is simply no way to identify this definite waste product. Mr. Famariss estimates that this waste product could not be expected to produce more than 350 barrels of pipe line oil in a month.

Mr. Famariss stated confidentially that he knew of a specific instance where one man was buying this product and taking it across the line into Texas.

What Mr. Famariss wanted was for us to say it was o.k. for him to enter into contracts to tie up this character of oil. This, of course, I could not do.

---

George Graham

Mr. Spurrier:

On the basis of this information, will you, after considering the foregoing, write or call Mr. Famariss collect at Hobbs, probably Friday.

**PRODUCTION  
MAINTENANCE**

*Company*

CONTRACTORS

CONNECTION CREWS

ROUSTABOUT GANGS

HOBBS, NEW MEXICO June 7, 1947

Mr. R. R. Spurrier  
Oil Conservation Commission  
Santa Fe, N.M.

Dear Mr. Spurrier:

The following is a plan being submitted for your consideration which we believe will result in the utilization of waste product in the oil fields.

If permitted by the New Mexico Oil Conservation Commission, Production Maintenance Company proposes to purchase, process and sell the petroleum waste existing in Lea, Eddy and Chaves Counties. Petroleum waste is a substance now destroyed by burning and is a product resulting from production of oil and is now destroyed. Waste accumulation is an unavoidable product of good production practices.

Waste results from several production operations. Some of the greatest accumulation is in tank bottoms. It is necessary from time to time to clean tanks of this waste. It consists of basic sediment and paraffine. Another waste product is brought about by the necessary treatment of wells with acid. Well-cleanings which consist of acid-sludge, drilling mud and water are run to pits and burned. In collection of gas for gasoline plants, there is an accumulation in the gas lines which is caught in drips and, at the gasoline plants, in pits. This particular accumulation consists of paraffine, basic sediment, water and small amounts of oil and distillate. It is our intention, if permitted, to utilize all of the above sources in our reclamation plants.

If permitted by the State, we propose to move this waste by tank trucks to our variously located reclamation plants situated wherever necessary to prevent destruction. The waste so hauled will be treated by the use of chemicals, heat and mechanical devices necessary to remove the waste and to recover a maximum amount of merchantable oil.

The recovered oil will be stored in stock tanks and run by pipe line in the same manner as oil is run from producing leases.

Several conditions must exist before the above plan can operate. Permission must be granted by the State to operate as proposed above or, revised by the State. The oil companies must be willing to sell this waste and pipe line companies must be willing to buy the recovered oil.

Mr. Walter Tamm, Jr.  
Production Maintenance Co.  
Holds  
N. Mex

Payment for waste  
not due against  
allowable

Dear Mr. Tamm:

Referring to your letter and personal application for establishment of oil reclamation plants in Lea, Eddy & Chaves counties the following will obtain:

You are granted permission to begin operations under the following requirements:

1. This operation will be carried on under the knowledge and willingness of those oil companies from whom you buy waste.
2. Waste shall be defined as Tank bottoms, fit oil, gasoline plant "catchings" and any other oil or waste not merchantable through pipe line companies in its ~~best condition~~ condition and location.
3. A consideration will be paid for this waste so that royalty <sup>owners</sup> producers

and tax accounts will receive a  
lawful due?

4. That you will operate under the  
present regulations of the New Mexico  
Oil Conservation Commission and/or  
any rules or regulations ~~from~~ issued  
in the future.
5. That you agree to file as required  
and all reports deemed necessary  
by the Commission, Royalty Owners,  
producers, pipe line companies and  
other interest parties now and as  
required in the future.
6. Waste oil so reclaimed ~~will~~ not  
be charged against the producing  
unit as regular allowable.

In abiding with the above you have  
our permission to begin reclamation  
~~in~~ operations in Lea, Eddy and  
Chaves Counties. It is our understanding  
you will abide by all present and  
future rules and regulations of the  
Commission.

Several oil companies have been contacted and have expressed their willingness to sell the waste and consider this an excellent conservation measure. The oil companies favor the plan if permission is granted by the State and business is operated in a responsible manner and by responsible parties.

Three pipe line companies have been contacted and will furnish pipe line connection immediately after State approval.

Reference is made above to "buying" the waste from the oil companies. The reason for this is to assure a method by which the royalty owners, oil operators and tax agencies would receive proper revenue. Should the waste be given without consideration complications might arise from interested parties. All such complications will be eliminated by paying consideration for the product.

Our Company recommends that strict accounting methods be enforced. Any and all reports necessary or required will be filed in accordance with instructions issued by the Oil Conservation Commission, oil companies and/or pipe line companies. We would invite inspection of our properties, records and equipment by the above parties or anyone authorized by the State. If required, we are prepared to furnish bond.

Operation of a reclamation program would benefit financially royalty owners, oil and pipe line companies and furnish additional tax for the State. At present no one is afforded revenue and a natural resource of the State is being wasted. Operations would result in the establishment of a new industry from waste which would create additional employment and place new money in circulation in the State.

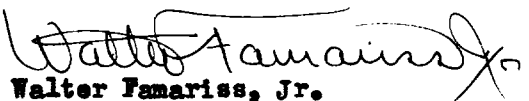
We are prepared to furnish proof of our ability to carry out the above program. References, which we believe to be acceptable, are available and it is our desire to operate within the limits granted us and in the manner dictated by the State. It is our opinion any party or parties asking this same permission should be scrutinized in like manner.

If permission is granted, we are prepared to erect our first plant immediately which would probably be located near Eunice where the greatest volume of waste now exists. Other plants would follow as quickly as possible after completion of first plant.

Please consider this as a formal application to begin operations in Lea, Eddy and Chaves Counties as outlined above or, as revised by the State.

Very truly yours

PRODUCTION MAINTENANCE COMPANY

  
Walter Famariss, Jr.  
Executive Partner

WF/tj



May 27, 1947

MEMORANDUM TO:

R. R. Spurrier, Secretary  
Oil Conservation Commission  
Santa Fe, New Mexico

Re: Reclaiming waste oil

The reclamation of waste oil as suggested in Morris D. Pool's letter, the oil industry considered is not very important in itself and, of course, is a "little man's" proposition. That such a business is possible, strongly indicates the existance of waste the substantial elimination of which is the joint responsibility of the oil industry and the Commission. If, however, the reclaiming of waste oil had any real economic basis in all probability, the producing companies would do their own reclaiming. Mr. Pool's plan, as he admits, would be feasible only during times of high-priced oil.

As I understand Mr. Pool's plan, he would by some process clean and reclaim B.S., emulsion, or waste oil from the bottoms of tanks and pits which is not taken into the pipe lines nor calculated by the producers in their various reports nor in the proration figures. If this waste oil is not used as Mr. Pool suggests, it will undoubtedly be burned or disposed of otherwise.

In a small way the reclaiming of oil would reduce physical waste measured by the amount of merchantable crude oil recovered, it would permit a "little man" to make a little money at present prices. As to these things, the Commission should certainly have no objection.

Viewed from the prevailing practices of the oil producers and the established requirements of the Oil Commission, and the Land Office in the matter of production reports and proration matters, it is conceivable that such a disposition of such waste oil would be burdensome in a measure far out-weighting benefits to be derived.

Page 2.

A producer of oil ordinarily disposes of his product on the basis of pipe line "run tickets." He reports and pays royalty on this basis and undoubtedly the proration schedules are calculated on the basis of merchantable oil. It is not clear at this time how "good crude oil" as reclaimed could get into the pipe line unless the well producing the same originally was not meeting its allowable.

Perhaps the production from several different wells contribute to the waste products in the general course of operations. It is conceivable that oil produced from State, private owned and Federal lands contribute to the product. In view of the fact that the Commission heretofore (Rule 16) considers such oil as unavoidable waste, it never has been considered as having an economic existence.

Assuming for the moment that the X Oil Company having met all of its obligation in the matter of reports to the Commission and observed its proration and royalty requirements in every required respect and having reported its production to the State Tax Commission and met its School Tax obligation on the basis of pipe line runs and thereafter disposed of waste products, it is not clear just what royalty or charge would be owing for such a sale. However, if there is any economic value to this waste oil, the State's part would probably be collected through the School Tax Division for Mr. Pool's privilege of engaging in business.

Should Mr. Pool go into the oil reclaiming business he would be, of course, required to take out the \$1.00 sales tax license and remit on a monthly basis to that division  $1/2$  of 1% of the gross proceeds of sales of his good crude oil which he could not sell until the Oil Conservation Commission authorized the entrance of this oil into a pipe line by some variation of the proration order. The Oil Commission, in addition, probably would require regular filing of Form 113 and probably a report of miscellaneous disposition on Form 110 on the part of the producer.

Page 3.

Without the Oil Commission taking cognizance of excessive waste and drawing appropriate rules for the disposition of this reclaimed oil, I do not believe that present royalty, interest, industry or production taxes are collectable excepting the school -- sale privilege tax. If, however, the waste oil situation is of special importance, the Commission has ample powers to set up special requirements.

---

GEORGE GRAHAM

GAG/min

**NEW MEXICO**  
**OIL CONSERVATION COMMISSION**

**GOVERNOR THOMAS J. MABRY**  
CHAIRMAN

**LAND COMMISSIONER JOHN E. MILES**  
MEMBER

**STATE GEOLOGIST R. R. SPURRIER**  
SECRETARY AND DIRECTOR



*Santa Fe, New Mexico*

Mr. Spurrier:

Possibly you will recall a discussion with Mr. Livingston and me regarding clearance for oil reclaimed from tank bottoms.

I am installing an oil treating plant for this purpose at Wink, Texas, at the present time and plan to instal a similar plant at Eunice as soon as everything can be worked out regarding clearance, etc. As I think you understand, this involves taking tank bottoms from tank cleaning operations, treating them to break down the emulsion, and running the reclaimed crude to the pipe line.

I should have liked to discuss this with you further, and am sorry I missed you this morning. If a hearing will be necessary to adopt the proper procedure, I should like to make a formal application in order to get the wheels moving. If you should want to ~~like~~ discuss it further before we take any positive steps, I shall appreciate a word from you as to when we can get together. At the moment, I am spending practically all of my time at Wink, and a meeting at Hobbs, in the event you are ever down there, would be more convenient than Santa Fe; however, I can arrange to meet you here at your office if you prefer.

H. N. Sweeney  
421 Delgado Place  
Santa Fe, N. M.  
or  
P. O. Box 115  
Wink, Texas

T R U E C O P Y

609 East Lea  
Hobbs, N. M.  
May 19, 1947

Oil Conservation Commission  
Santa Fe, N. M.

Dear Sirs:

If possible, we would like to obtain a permit from the State of New Mexico to establish and operate an oil reclamation plant in Lea County.

In the past, the accumulation of low grade oil in the bottom of storage tanks has been cleaned out by contractors using a small amount of this oil for the surfacing of roads but burning the greatest part of the oil as waste oil. As high as the price of crude oil is at the present time, it would be economically feasible for someone to conserve and treat this oil to the point where it would be good crude oil and could be bought by some company that is in the business of buying good crude oil.

If it is possible to obtain a permit to establish a reclamation plant, we would be willing to pay the State royalty on any oil so reclaimed and sold.

Very truly yours,

/s/ Maurice D. Pool

July 13, 1950

Mr. Charles Taylor  
Gulf Oil Corporation  
P. O. Box 661  
Tulsa 2, Oklahoma

Dear Mr. Taylor:

We have your letter of June 26, requesting copy of transcript of Case No. 104.

It is our belief that Mr. Glenn Staley has an extra copy of this transcript in the files at Hobbs. Since we only have one copy in our files, we suggest you contact Mr. Staley. If he is unable to supply you, please let us know and we will have another copy prepared and forwarded to you immediately.

Very truly yours,

R. R. Spurrier  
Secretary-Director

RRS:bw

ILLEGIBLE



PETROLEUM AND ITS PRODUCTS

# GULF OIL CORPORATION

P. O. BOX 661 · TULSA 2, OKLAHOMA

GYPSY  
DIVISION

Hobbs, New Mexico  
June 28, 1950

Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

In the latter part of 1947, a hearing was held to gather information relative to the gathering, treating and sale of crude oil tank bottoms by the Famariss Refinery of Monument, New Mexico, Case No. 104. In this hearing, I understand that it was established that it was legal and desirable for gasoline plants to place crude oil accumulations which came into the plant through gas gathering lines into channels of trade.

We have checked with the local conservation office and have been unable to obtain copies of the minutes of this hearing. If possible, it would be appreciated if you could furnish copies of the minutes of this hearing or if you are unable to do this furnish any information that you might have relative to handling of crude oil accumulations from gas gathering lines at gasoline plants.

Yours very truly,

Chas. Taylor  
General Foreman

GP:pjt

In reply, please address Box 1667, Hobbs, New Mexico

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

P. O. Box 871  
December 23, 1947

Mr. L. W. Biddick  
Semedan Oil Corporation  
Armore, Oklahoma

Dear Sir:

This will acknowledge your letter of December 16 in which you refer to the Commission's special order regulating tank cleaning. You have recommended that the total amount secured from tank bottoms shall be charged against the allowable of the well or lease from which the oil was produced.

The Commission is still studying this case, and no permanent order has yet been issued. Your letter, therefore, will be made part of the record and will be considered in writing a final order.

Very truly yours,

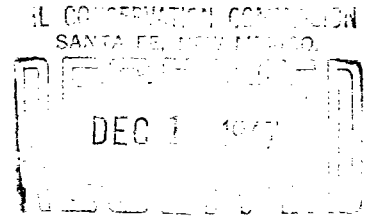
R. R. SPURRIER

RRS:bpw

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ARDMORE, OKLAHOMA  
BOX 959



December 16, 1947

*"Tank bottom"*

Oil Conservation Commission of New Mexico  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier,  
Secretary

Gentlemen:

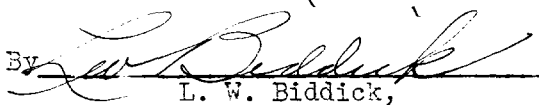
This letter has reference to the Commission's Special Order Regulating Tank Cleaning, Plants Processing Tank Bottoms and Reclaiming of Waste Oil, and Transportation of Tank Bottoms and Waste Oil issued by the Commission effective July 15, 1947.

At the time this regulation was promulgated it was our understanding that the amount of products secured from tank bottoms was to be deducted from the amount of allowable production authorized for the well or lease from which the waste oil and tank bottoms originated. It has come to our attention that Rule 2 (b) of said Special Order provides that treating plants processing tank bottoms shall be entitled to a tender authorizing the sale of products secured from such tank bottoms and that no provision is made for deducting the amount of such products from the well or lease allowables. It is our opinion that said sub-paragraph (b) of Rule 2 should be amended by adding at the end thereof a provision to the effect that "but the total amount of products secured from tank bottoms shall be deducted from the regular allowable of the well or lease from which the oil was produced which resulted in the accumulation of said tank bottoms."

We respectfully request the Commission's consideration of such an amendment.

Very truly yours,

SAMEDAN OIL CORPORATION

By   
L. W. Biddick,  
Vice-President

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October 20, 1947

Honorable Thomas J. Mabry  
Governor, State of New Mexico  
Santa Fe, New Mexico

Dear Governor Mabry:

Enclosed please find list of names appointed  
to the advisory committee of the Oil Conservation  
Commission.

These names have been agreed upon by  
Governor Viles and myself as per your instructions.

Respectfully,

R. R. SPURPIER

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October 21, 1947

Honorable John E. Miles  
Commissioner of Public Lands  
Santa Fe, New Mexico

Dear Governor Miles:

Enclosed please find list of names appointed  
to the advisory committee of the Oil Conservation  
Commission.

Respectfully,

R. R. SPURRIER

P. O. Box 871  
October 20, 1947

Texas-New Mexico Pipeline Co.  
Midland, Texas

Gentlemen:

As directed by the Oil Conservation Commission, you are hereby notified of your appointment to an advisory committee to the Commission in the matter of Cases 104 and 110.

This committee has been appointed as suggested by members of the industry at a Hearing held in Santa Fe on the 15 October. At this time it was suggested that one member from a major company, one member from an independent company, one member from a pipeline, etc., should be appointed. The Commission has endeavored to do exactly as suggested, and if anyone has been inadvertently omitted, the Commission will appreciate very much being advised. The names of the other members of the Committee are hereby furnished to you:

Major - Shell Oil Company, Incorporated, Midland, Tex.  
Independent - John M. Kelly, Roswell, N. M.  
Gasoline Plant - Phillips Petroleum Co., Bartlesville  
Refinery - N. M. Asphalt & Refining, Artesia, N. M.  
Petitioners - Walter Famariss, Jr. and W. D. Girand, Hobbs  
Foster Morrell - U.S.G.S., Roswell, N. M.  
Glenn Staley - Lea County Operators Committee, Hobbs

It is suggested that the committee select a chairman and meet as soon as possible to expedite the issuance of rules and regulations in this matter.

Yours very truly,

R. R. SPURRIER

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P. O. Box 371  
October 20, 1947

Mr. Glenn Staley  
Lea County Operators Committee  
Hobbs, New Mexico

Dear Sir:

As directed by the Oil Conservation Commission, you are hereby notified of your appointment to an advisory committee to the Commission in the matter of Cases 104 and 110.

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Independent - John M. Kelly, Roswell, N. M.  
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Refinery - W. M. Asphalt & Refining, Artesia, N. M.  
Petitioners - Walter Famariss, Jr. and W. D. Girard, Hobbs  
Foster Morrell \* U.S.G.S., Roswell, N. M.

It is suggested that the committee select a chairman and meet as soon as possible to expedite the issuance of rules and regulations in this matter.

Yours very truly,

R. R. SPURRIER

P. O. Box 371  
October 20, 1947

W. D. Girand, Attorney  
Mr. Walter Famariss, Jr.  
Hobbs, New Mexico

Dear Sir:

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Independent - John W. Kelly, Roswell, N. M.  
Refinery - N. W. Asphalt & Refining Co., Artesia  
Foster Morrell - U.S.O.S., Roswell, N. M.  
Glenn Staley - Lea County Operators Committee, Hobbs

It is suggested that the committee select a chairman and meet as soon as possible to expedite the issuance of rules and regulations in this matter.

Yours very truly,

R. H. SPUNNIER

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P. O. Box 871  
October 20, 1947

Mr. Foster Morrell  
U. S. Geological Survey  
Roswell, New Mexico

Dear Sir:

As directed by the Oil Conservation Commission, you are hereby notified of your appointment to an advisory committee to the Commission in the matter of Cases 104 and 110.

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Refinery - W. M. Asphalt & Refining Co., Artesia  
Petitioners - Walter Famariss, Jr., and W. D. Girand, Hobbs  
Glenn Staley - Lea County Operators Committee, Hobbs

It is suggested that the committee select a chairman and meet as soon as possible to expedite the issuance of rules and regulations in this matter.

Yours very truly,

R. E. SPURRIER

P. O. Box 371  
October 20, 1947

Mr. Claude Withers  
N. M. Asphalt & Refining Co.  
Artesia, New Mexico

Dear Sir:

As directed by the Oil Conservation Commission, you are hereby notified of your appointment to an advisory committee to the Commission in the matter of Cases 104 and 110.

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Independent - John M. Kelly, Roswell, N. M.

Pipeline Co. - Texas-New Mexico Pipeline Co., Midland

Major - Shell Oil Company, Incorporated, Midland

Gasoline Plant - Phillips Petroleum Co., Bartlesville

Retitioners - Walter Famariss, Jr. and W. D. Girand, Hobbs

Foster Morrell - U.S.G.S., Roswell, N. M.

Glenn Staley - Lea County Operators Committee, Hobbs

It is suggested that the committee select a chairman and meet as soon as possible to expedite the issuance of rules and regulations in this matter.

Yours very truly,

R. E. SPURTER



P. O. Box 871  
October 20, 1947

Phillips Petroleum Company  
Bartlesville, Oklahoma

Gentlemen:

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Refinery - W. M. Asphalt & Refining Co., Artesia  
Petitioners - Walter Famariss, Jr. and W. D. Girand, Hobbs  
Foster Morrell - U.S.G.S., Roswell, N. M.  
Glenn Staley - Lea County Operators Committee, Hobbs

It is suggested that the committee select a chairman and meet as soon as possible to expedite the issuance of rules and regulations in this matter.

Yours very truly,

R. R. SPURRIER

P. O. Box 871  
October 20, 1947

Mr. John M. Kelly  
Roswell, New Mexico

Dear Mr. Kelly:

As directed by the Oil Conservation Commission, you are hereby notified of your appointment to an advisory committee to the Commission in the matter of Cases 104 and 110.

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Refinery - W. M. Asphalt & Refining Co., Artesia  
Petitioners - Walter Famariss, Jr. and W. D. Girand, Hobbs  
Foster Morrell \* U.S.G.S., Roswell, N. M.  
Glenn Staley - Lea County Operators Committee, Hobbs

It is suggested that the committee select a chairman and meet as soon as possible to expedite the issuance of rules and regulations in this matter.

Yours very truly,

R. R. SPURRIER

P. O. Box 371  
October 20, 1947

Shell Oil Company, Incorporated  
Midland, Texas

Gentlemen:

As directed by the Oil Conservation Commission, you are hereby notified of your appointment to an advisory committee to the Commission in the matter of Cases 104 and 110.

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Refinery - N. M. Asphalt & Refining, Artesia, N. M.  
Petitioners - Walter Famariss, Jr. and W. D. Girand, Hobbs  
Foster Morrell - U.S.G.S., Roswell, N. M.  
Glenn Staley - Lea County Operators Committee, Hobbs

It is suggested that the committee select a chairman and meet as soon as possible to expedite the issuance of rules and regulations in this matter.

Yours very truly,

R. R. SPURRIER

LEA COUNTY OPERATORS SUB-COMMITTEE APPOINTED 10-6-47  
IN A STUDY OF COMMISSION ORDER #726, CASE #104

The committee proposes to the operators the following statement to the Commission at the Hearing to be held in Santa Fe on October 18, 1947.

The operators have no objection to the type of order as issued in the Case 104, except as under the fact finding of "Substantial Waste" and "Great Quantities".

The following data is offered as evidence that "substantial waste" and "great quantities" of waste does not exist from field gathering tanks, well completions and oil runs to pipe lines by 16 operators representing 85.3% of total production during the first 6 months of 1947.

Estimated amount of merchantable oil drawn off in tank cleaning and pit oil averages twelve hundredths of one percent of total oil produced for period.

Next it is desired to point out that a large percentage of these tank cleanings and pit oils are used to maintain lease roads, tank battery grades, well yards, etc, which maintenance, if this material were not available, would require greater expense to the operators, due to terrain conditions, and that every reasonable effort is being made by the majority of operators to reduce the frequency of tank cleaning and bottom accumulations, by use of chemicals, treating systems, circulating pumps, etc.

As the operators understand the order granting permission to operate an oil reclamation plant in the State of New Mexico, this Order is acceptable to the operators, except as mentioned above, and the procedure by which the Commission granted the Order is considered applicable to similar cases at this time.

Respectfully submitted

---

M. C. Brunner, Chairman

LEA COUNTY OPERATORS COMMITTEE  
October 10, 1947  
HOBBS, NEW MEXICO

COPY

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

November 12, 1947

Mr. M. C. Brunner  
Shell Oil Company  
P. O. Box 1457  
Hobbs, New Mexico

Dear Mr. Brunner:

The Commission has received your Committee's recommendation dated November 3d in which you say your committee met on October 3d and promulgated a sample order for the Commission to use in writing general rules and regulations concerning the subject matter of cases 104 and 110.

I wish to take this opportunity to thank you and your committee for your prompt action and the advice which you have forwarded to us. I should like to have been present during your Committee meeting, but it is my experience that a member of the Commission should not be present when a matter such as this is being discussed.

The Industry Advisory Committee, in this instance, is to be highly commended and the Commission takes the opportunity to do so now.

Very truly yours,

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RRS:bsp

cc: Glenn Staley  
Hbs, NMax

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

June 26, 1947

Hobbs Daily News-Sun  
Hobbs, New Mexico

RE: Cases No. 104 and 105 - Notice For  
Publication.

Gentlemen:

Please publish the enclosed notice once, immediately.  
Please proof-read the notice carefully and send a copy of the  
paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S  
AFFIDAVIT.

For payment please submit statement in duplicate, accompanied  
by voucher executed in duplicate. The necessary blanks are en-  
closed.

Very truly yours,

GEORGE A. GRAHAM  
Attorney,  
Oil Conservation Commission

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STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

June 26, 1947

The Roswell Dispatch  
Roswell, New Mexico

RE: Cases Nos. 100 and 104 - Notice  
For Publication.

Gentlemen

Please publish the enclosed notice once, immediately.  
Please proof-read the notice carefully and send a copy of the  
paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S  
AFFIDAVIT.

For payment please submit statement in duplicate, accompanied  
by voucher executed in duplicate. The necessary blanks are en-  
closed.

Very truly yours,

GEORGE A. GRAHAM  
Attorney,  
Oil Conservation Commission

GAG:bsp

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STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

June 26, 1947

The Artesia Advocate  
Artesia, New Mexico

RE: Cases 103, 104, 106, 107 and 108 -  
Notice For Publication.

Gentlemen:

Please publish the enclosed notice once, immediately.  
Please proof-read the notice carefully and send a copy of the  
paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S  
AFFIDAVIT.

For payment please submit statement in duplicate, accompanied  
by voucher executed in duplicate. The necessary blanks are en-  
closed.

Very truly yours,

GEORGE A. GRAHAM  
Attorney,  
Oil Conservation Commission

GAG:bsp



STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

June 25, 1947

Mr. J. O. Seth  
Attorney At Law  
111 San Francisco St.,  
Santa Fe, New Mexico

RE: Cases 100, 101, 102 and 104

Dear Mr. Seth:

This is to advise you that Cases No. 100, 101, 102 in which the American Employers Insurance Company is the petitioner, and Case 104 wherein Walter Famarico is petitioner, have been set by the Commission beginning at 10:00 O'clock A.M. on the 15th day of July in the Coronado Room, La Ponda Hotel, Santa Fe, New Mexico.

Very truly yours,

GEORGE A. GRAHAM  
Attorney,  
Oil Conservation Commission

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**NEW MEXICO**  
**OIL CONSERVATION COMMISSION**

GOVERNOR THOMAS J. MABRY  
CHAIRMAN

LAND COMMISSIONER JOHN E. MILES  
MEMBER

STATE GEOLOGIST R. R. SPURRIER  
SECRETARY AND DIRECTOR



*Santa Fe, New Mexico*

P. O. Box 871  
November 21, 1947

Mr. R. R. Spurrier  
Oil Conservation Commission  
Santa Fe, New Mexico

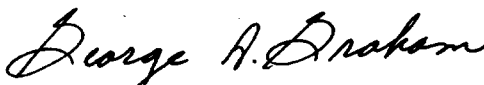
Dear Mr. Spurrier:

Mrs. Wistrand called my attention to Colonel Thompson's letter of November 13. Knowing that Mr. Miles expected to be under the doctor's care for a few days, I took the liberty of taking the letter and Texas rules over for a conference.

After reading Colonel Thompson's letter carefully, it was Mr. Miles' thought that this would be an excellent chance for the Commission to observe a Texas proceeding. He noted that the meeting was at Midland on December 10. It occurred to him that you and some of the rest of us, including Messrs. Yarbrough and Macey, might arrange to be there. He thought possibly that nothing officially could be done, but by private conference at least begin a sort of cooperative effort that would eventually be of great benefit, both to our operators and the Commission as well as Texas officials.

We did not go extensively into a comparison of the existing Texas rules and our proposed rules. We can do this at your convenience.

Very truly yours,

  
GEORGE A. GRAHAM

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

July 16, 1946

Mr. J. C. Seth  
Seth and Montgomery  
Santa Fe, New Mexico

RE: Continuance of Case No. 104

Dear Sir:

This is to advise you that the above captioned case in the matter of the application of Walter Fumariss, Jr. for permission to purchase and process waste oil will be heard at 10:00 o'clock a.m., July 22, 1946 in the House of Representatives.

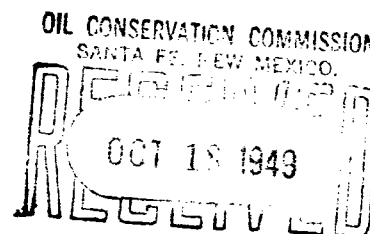
Very truly yours,

GEORGE A. GRAHAM, Attorney

**ILLEGIBLE**

NEW MEXICO  
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY  
CHAIRMAN  
LAND COMMISSIONER GUY SHEPARD  
MEMBER  
STATE GEOLOGIST R. R. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 871  
SANTA FE, NEW MEXICO

Box 1545  
Hobbs, New Mexico  
October 17, 1949

Mr. R. R. Spurrier, Director  
Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Dear Mr. Spurrier:

In reply to your letter of October 4th, regarding the Famariss Plant I have inspected the tank cleaning plant and find it to be in the same condition as was approved in 1948.

Please excuse the delay in reporting. I hope there is no harm done.

Very truly yours,

*Roy C. Yachewsky*  
Oil & Gas Inspector

ROY:cg

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

July 16, 1948

C  
O  
P  
Y  
  
SANTA FE NEW MEXICAN  
Santa Fe, New Mexico

RE: Notice of Publication - Cases 110  
and 104

Gentlemen:

Please publish the enclosed notice once, immediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment please submit statement in duplicate, accompanied by voucher executed in duplicate. The necessary blanks are enclosed.

Very truly yours,

GEORGE A. GRAHAM, Attorney

ILLEGIBLE

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	SERIAL
DAY LETTER	NIGHT LETTER

# WESTERN UNION

1206

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
FULL RATE	DEFERRED
CODE	NIGHT LETTER

JOSEPH L. EGAN, PRESIDENT

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			OIL CONSERVATION COMMISSION	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SANTA FE, N. M.      OCTOBER 17, 1949

MR. ROY YARBROUGH  
OIL CONSERVATION COMMISSION  
HOBBS, NEW MEXICO

WHERE IS INSPECTION REPORT AND APPROVAL FOR FAMARKIS PERMIT  
AS PER REQUEST?

OIL CONSERVATION COMMISSION  
R. R. SPURRIER

*telephoned 11:45 a.m. 10-17-49*

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	SERIAL
DAY LETTER	NIGHT LETTER

# WESTERN UNION

1206

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
FULL RATE	DEFERRED
CODE	NIGHT LETTER

JOSEPH L. EGAN, PRESIDENT

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			OIL CONSERVATION COMMISSION	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SANTA FE, N. M.      OCTOBER 18, 1949

NEAL AND GIRAND, LAWYERS  
HOBBS, NEW MEXICO

FAMARISS PERMIT HAS BEEN RENEWED AS OF OCTOBER 15.

R. R. SPURRIER  
OIL CONSERVATION COMMISSION

## CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

W. P. MARSHALL, PRESIDENT

1201

## SYMBOLS

DL=Day Letter

NL=Night Letter

LC=Deferred Cable

NLT=Cable Night Letter

Ship Radiogram

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

LA45 SSF127

LHBA040 PD=HOBBS NMEX 17 1009A=

R R SPURRIER=

OIL CONSERVATION COMMISSION SANTA FE NMEX=

RE WALTER FAMARISS JR PERMIT, HOLDING OIL AWAITING RENEWAL  
OF PERMIT, PLEASE ADVISE BY WIRE WHETHER PERMIT HAS BEEN  
RENEWED=

NEAL AND GIRAND LAWYERS=

*W. P. Marshall, 9. 16. 15*

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless the deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

JOSEPH L. EGAN  
PRESIDENT

1201

SYMBOLS

DL - Day Letter

NL - Night Letter

LC - Deferred Cable

NLT - Cable Night Letter

Ship Radiogram

(22)

Time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination. JUL 27 AM 11 20

DVA109 PD=GK DALLAS TEX 27 1134A=

NEW MEXICO OIL CONSERVATION COMMISSION=

*file*

REFERENCE HEARING JULY 29 CASES 104, 110 AND 138 APPLICATION FOR GENERAL ORDER REGULATING TANK CLEANING. PLANTS PROCESSING TANK BOTTOMS AND RECLAIMING WASTE OIL THIS COMPANY APPROVES AND URGES ADOPTION OF ORDER PROPOSED TO ALL LEA COUNTY OPERATORS BY LEA COUNTY OPERATORS COMMITTEE BY ITS LETTER OF JULY 13 1948=

=THE ATLANTIC REFINING CO BY JOHN MARSTONE=

**ILLEGIBLE**

29 104 110 138 15 1948=

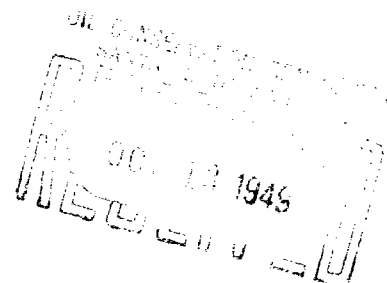
C. MELVIN NEAL  
W. D. GIRAND, JR.

TELEPHONES: 54 & 854  
P. O. Box 1326

NEAL & GIRAND  
LAWYERS  
NEAL BUILDING  
HOBBS, NEW MEXICO

October 10, 1949

*AG Maham*



Oil Conservation Commission,  
Box 871,  
Santa Fe, New Mexico.  
Attention: R. R. Spurrier.

Dear Dick:

We are here enclosing a letter from the insurance company, certifying to the bond of Walter Famariss in re: his application for renewal of permit as a tank bottom processor.

With this letter in your file and the report from Roy Yarbrough, this permit should be ready for renewal.

Very truly yours,

NEAL & GIRAND,

BY: *W. D. Girand*

G/vs  
Encl.

**BOB DANIELS & SONS**

BOB - BILL - JACK

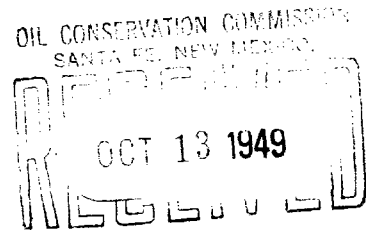
**INSURANCE**

Telephone 511

**105-107 North Turner Street**

**HOBBS, NEW MEXICO**

October 10, 1949



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


Re: Indemnity Bond to State of New Mexico  
Principal - Walter Famariss, Jr.  
Bond No. SY-151760

Gentlemen:

This firm has in effect Indemnity Bond to the State of New Mexico that has been in effect since the 14th day of October of 1948. Please let this letter act as evidence that this bond will remain in full force and effect, having an automatic renewal clause until such time as it is Mr. Famariss' desire to be released of liability under the bond or until such time as it is your desire to withdraw this provision of Mr. Famariss' operations.

Very truly yours,

BOB DANIELS & SONS, INC.

  
R. W. Daniels, Jr. President

RWD/jr

