

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.

Proposed

SPECIAL ORDER REGULATING TANK CLEANING, PLANTS
PROCESSING TANK BOTTOMS AND RECLAIMING OF WASTE
OIL AND TRANSPORTATION OF TANK BOTTOMS AND WASTE
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 bottom; 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 data 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 transportors 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) "Transportors" 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,

Chairman

Commissioner

Commissioner

ATTEST:

Secretary.