

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

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TRANSCRIPTION OF HEARING

CASE NO. 295

August 7, 1951

(DATE)

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

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In re: Application of Continental  
Carbon Company for an order and  
permit to extend its present permit  
(granted after hearing of Case 169)  
and increase permissible use of gas  
in the manufacture of channel carbon  
black in Lea County, New Mexico.

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(See transcript in Case 269 and 270 for  
register of attendance and appearances.)

MR. SHEPARD: The next case is 295.

(Mr. Graham reads the summary of the case.)

MR. IDEN: I am E. C. Iden of Albuquerque, appearing for the Continental Carbon Company. I understand there are no objections or protests in this matter, and I don't want to unnecessarily take up the time of the Commission. If the Commission cares to indicate how far you would like to go into this, I have four witnesses here that could answer any questions that might be desired. But as I say, if there is no objection I don't want to unnecessarily take up the time of the Commission.

MR. SHEPARD: Well, we will hear them just briefly, Mr. Iden, for the record.

MR. IDEN: Mr. Seligman, will you please be sworn?

HAROLD B. SELIGMAN,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. IDEN:

Q State your name please.

A Harold B. Seligman.

Q And what is your connection with the applicant, Continental Carbon Company?

A I am Vice President of the company.

Q Located where?

A Amarillo, Texas.

Q The Continental Carbon Company is a corporation isn't it?

A That's right.

Q Organized under the laws of what state?

A The State of Delaware.

Q And qualified to do business in the State of New Mexico?

A In New Mexico.

Q Also Texas, I believe.

A That is correct.

Q Will you, Mr. Seligman, just give the Commission a general picture of your situation and what you are doing now in New Mexico in the way of production of carbon black, and what you hope to do or expect to do if the application now being heard is granted by the Commission.

A At the present time we have a panel carbon black plant located near Eunice, New Mexico, which has an annual production capacity of about 13 million pounds per year. As a result of the application we have made, we propose to burn an additional volume of natural gas and install additional plant capacity which will increase the capacity of the existing plant by an additional 15 million, thus making a total plant capacity of about 28 million pounds per year.

Q You are now using about 1800 cubic feet I understand?

A That is correct.

Q Under a permit by this Commission?

A That is correct.

Q And for what length of time have you been using that amount of gas?

A Since the first of 1949.

Q Now this gas that you will use if this permit is granted, that is, if the extension is granted, is that gas that is being flared in the area down there?

A That is correct.

Q How will you procure the gas?

A We are purchasing the additional volumes from the Skelly Oil Company, who are making the gas and treating it for extraction of liquids. And we will then get the residue for use in our carbon black plant.

Q You have a contract with the Skelly Oil Company?

A We do.

Q Subject to the permit here being granted?

A That is correct.

Q What is your situation, or the situation of this company so far as the plant is concerned which will be constructed in the event this permit is granted?

A We have an existing plant now located near Sunray, Texas, that was bought during World War II by the Defense Plant Corporation. We propose to move part of this plant to Eunice, New Mexico, and place it nearby our existing plant.

Q Your existing plant, just for the information of the Commission, what is your payroll there? How many employees have you, just generally?

A Approximately 200,000 dollars, about 50 people.

Q About 50 people employed now?

A That's right.

Q And this additional plant, if it is built, will require how many additional employees?

A About 10 additional people. Probably 45 thousand dollars additional payroll.

Q And the plant which you would construct, what can you say about it with reference to its being a modern and efficient plant?

A We believe it will be as modern a carbon black plant as exists in the industry today. It was built originally and designed in 1945, and we have installed special equipment in it to make it as efficient as possible. We believe it is as efficient a unit as exists today.

Q What do you say with reference to importance of carbon black for industrial use, and in that connection I hand you here a list of basic materials and alternates prepared by the Department of Commerce and released June 20, 1951. You have seen that?

A That is correct.

Q What does it indicate?

A It indicates carbon black is considered in the group of chemicals in short supply.

MR. IDEN: I desire to put this in evidence. On page 2 it shows that by this release of June 20, 1951, materials in Group 1 are in very short supply and alternates should be selected for all these materials whenever possible. On page 2,

in Group 1, chemicals in very short supply we find carbon black.

MR. SHEPARD: It will be accepted.

Q How soon is it you hope, Mr. Seligman, to be able to proceed with the construction of this plant if this permit is granted?

A We are in position to begin construction immediately, and we will have the plant completed between now and the end of this year.

Q Is it your desire to begin construction as soon as possible?

A We would like to.

Q If you begin construction immediately, gas would be available upon completion of the construction?

A We have been informed by Skelly Oil Company they will be ready to deliver the gas to us by October the first.

Q Do you have anything more you would like to say to the Commission, Mr. Seligman? If you do, just go ahead.

A The only thing I want to offer here is some data which represents the demand for panel carbon black, indicating the present need for the product. The plant which we are proposing to place in operation in Eunice, has been an operating plant. And it does not represent an expansion of present industry capacity. But as a matter of interest for the Commission, during the year 1950 the production of panel carbon black for the entire United States was 616 million pounds. The demand for this type of black was 668 million pounds so that there was a material decrease in the inventory on hand by the year 1950. The situation during the year 1951 is quite similar. Production and demand is about

in balance. Therefore we believe it essential we maintain our existing capacity, particularly in view of the statement from the National Production Authority that carbon black is considered in very short supply.

Q In a general way, what are the uses of panel carbon black?

A The most important use for panel carbon black is in the rubber industry, where it acts as a reinforcing agent, and enables the long wear and more abrasive qualities of tires. It is also used in all types of rubber products and in printing inks and innumerable number of industrial uses. About 90 per cent goes into the rubber industry where it is an important item.

MR. IDEN: I believe that is all unless the Commission has some questions.

MR. SHEPARD: Well, that will be all.

MR. IDEN: I might make this statement. We have here as witnesses we could offer if the Commission would wish it, H. L. Ericson, who is a gas chemical engineer with the applicant. Mr. M. F. Shafer. All of these are expert men. And Mr. James Gill of the Skelly. His testimony will be along the lines that they are now flowing the gas which we will use if the permission is granted. And unless the Commission desires, I will not put them on. There seems to be no question about it.

MR. SHEPARD: Apparently not.

MR. IDEN: We would like to suggest again, if the Commission does look with favor on this application, they would like speed because they are anxious to get started with their plans.



MR. SHEPARD: We will have an order out right away.

MR. IDEN: Thank you.

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STATE OF NEW MEXICO     )  
                              :   SS.  
COUNTY OF BERNALILLO   )

I HEREBY CERTIFY that the foregoing and attached transcript of proceedings in Case No. 295, before the Oil Conservation Commission, held on August 7, 1951, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, this 28 day of August, 1951.

E. E. McLean  
REPORTER