

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date MAY 23, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
Brock Huber	Byram	Santa Fe
Paul Cooker	Rode, Law Firm (EIK O.I.)	Santa Fe
William J. Carr	Campbell, Boyd and Shel	Santa Fe
W. I. Kellbier	Kellbier & Kellbier	Santa Fe
T. CALDER EZZELL, JR	HINKLE LAW FIRM	Roswell
G. Cl. Henderson	Edin Prod. Co.	Garland, TX
H. T. Hannon III	"	"
Sen-Chen Lee	"	"
Joe Kelly	ELK OIL	Roswell, N.M.
RW Becker	ELK OIL	
Tony Fraga	ARCO OIL & GAS CO.	MIDLAND, TX

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NAME	REPRESENTING	LOCATION

1 STATE OF NEW MEXICO  
2 ENERGY AND MINERALS DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4 STATE LAND OFFICE BLDG.  
5 SANTA FE, NEW MEXICO

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7  
8 23 May 1984

9 EXAMINER HEARING

10 IN THE MATTER OF:

11 Application of Veno Energy for an CASE  
12 oil treating plant permit, Lea 8192  
13 County, New Mexico.

14 BEFORE: Michael E. Stogner, Examiner

15 TRANSCRIPT OF HEARING

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17 A P P E A R A N C E S  
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20 For the Oil Conservation Division: W. Perry Pearce  
21 Attorney at Law  
22 Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

23 For the Applicant: W. Thomas Kellahin  
24 Attorney at Law  
KELLAHIN & KELLAHIN  
25 P. O. Box 2265  
Santa Fe, New Mexico 87501

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I N D E X

STUART EVEANS

Direct Examination by Mr. Kellahin 3  
Cross Examination by Mr. Stogner 9

E X H I B I T S

Veno Exhibit One, Sketch 4  
Veno Exhibit Two, Survey Plat 8

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MR. STOGNER: Call next Case  
Number 8192.

MR. PEARCE: That case is on  
the application of Veno Energy for an oil treating plant  
permit, Lea County, New Mexico.

MR. KELLAHIN: Mr. Examiner,  
I'm Tom Kellahin of Santa Fe, New Mexico, appearing on be-  
half of the applicant and I have one witness to be sworn.

MR. PEARCE: Are there other  
appearances in this matter?

Could I ask the witness to  
rise, please.

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Eveans, would you please state your  
name and where you live?

A Stuart P. Eveans, Hobbs, New Mexico.

Q Mr. Eveans, would you describe for us  
where you have located in relation to the City of Lovington

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the oil treating plant facility for which you seek the Oil Conservation Division's approval?

A We're three miles out on the Artesia Highway and two miles south of the Artesia, Highway.

Q The property upon which you have located your oil treating plant, Mr. Eveans is fee property owned by whom?

A R. O. Leavel.

Q Have you obtained from Mr. Leavel a lease for his fee property for the use of that property for oil treatment plant purposes?

A Yes, I have. I have a lease, contract lease on this.

Q Can you describe generally to the Examiner what the former use of this specific piece of property was?

A It was an old wellsite that they abandoned the well and the pads and all are still there.

Q Let me show you what I've marked as Exhibit Number One, Mr. Eveans, which is a diagrammatic sketch of your plant.

As a truck comes into the property from the top right corner of the plat, tell me where the truck unloads.

A Okay. When a truck comes in we take it to the storage tank and unload into the storage tank with the material.

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Q What are the principal sources of waste material that you treat in your plant, Mr. Eveans?

A Well, it's this stuff that we pick up from the gas plants and --

Q Cities Service operates one of the gas plants, and --

A Yeah.

Q -- who else?

A Cities Service operates three of them and that we pick up from at the time and then we pick up from Gas Company of New Mexico.

Q The materials you pick up from the gas plants consists of what, generally, Mr. Eveans?

A Well, it's oil and water and, mostly. It's what they call a slop oil.

Q The product that's trucked to your plant, then, is discharged into the treating tank, did you say?

A Holding tank.

Q Into the storage tank.

A Storage tank.

Q All right, sir, from that tank where does the material go?

A It will go into the heater-treater and treat it through the heater-treater and goes back into what we call the treating tank here, and we let it set there and settle out and then move it from there, the oil to the sales tank. The water goes into the water tank and --

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Q Do you have a separate tank for the condensate?

A We have a separate tank for the condensate if we need it. We have a separate tank for all of the stuff that will not treat out. We put it in the treating tank here that we like to hold it in and sell it off as drilling mud.

Q All right, sir. The oil tank holds water that is settled out from the hydrocarbons.

A Right.

Q What do you do with that water, then?

A We haul it to a public disposal, depending on which way we're going to pick up the next load, what disposal we take it to.

Q All right.

A There's one south of Hobbs down at Eunice or out on the --

Q These are Commission-approved disposal wells or disposal facilities for waste water?

A Yes.

Q All right, sir. The condensate product, what is the use -- what do you use the condensate for?

A Okay, we adjust our gravity on our oil with condensate.

Q All right, and you mix the oil then and you obtain oil that has an adequate gravity to make it salable as a product?

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A Right. We try to get it around a 40 gravity.

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Q And those materials that you can't treat to commercial quality as oil is a waste product that you sell to drillers as drilling mud?

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A That's right.

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Q Are there currently any residual materials in the plant that you can no longer treat and in fact have to be disposed of in some manner?

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A There is at times and we move it out through Pollution Control, which they have a facility to take care of.

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Q Pollution Control is a Commission-approved facility that can treat materials, waste materials and hydrocarbons that can no longer be treated and disposed of at that facility.

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A That's right.

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Q What do you anticipate to be the maximum daily capacity of finished product in your plant?

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A Oh, our maximum would be around 200 barrels a day.

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Q Do you currently have any pits on the property?

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A No, there is not.

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Q There are no surface pits on the property, everything is discharged and moved from storage tanks to storage tanks.

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A That's right, sealed storage tanks.

Q All right, sir. Let me direct your attention to Exhibit Number Two, Mr. Eveans, which is survey plat of the property.

This property is the property that you lease from Mr. Leavel.

A Yes.

Q All right. Are you currently operating this plant in its current configuration?

A Yes, I am.

Q And it was at the request of Mr. Jerry Sexton that because you had a heater-treater capacity for the plant that you also obtain approval from the Santa Fe office of the Oil Conservation Division.

A That's right.

Q Mr. Eveans, are you also familiar with Rule 312 of the Oil Conservation Division with regards to the operations of an oil treating plant?

A Yes, I am. Yes, sir.

Q Have you in the past and will you in the future continue to timely supply to the Commission the appropriate forms with regards to the processing of materials through your plant?

A Yes, I will.

MR. KELLAHIN: Mr. Examiner, that concludes my examination of Mr. Eveans.

We move the introduction of Ex-

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hibits One and Two.

MR. STOGNER: Exhibits One and Two will be admitted into evidence.

CROSS EXAMINATION

BY MR. STOGNER:

Q Mr. Eveans, what is your relationship with Veno Energy?

A I own it; wife and I own it.

Q Mr. Eveans, on Exhibit Two the -- that shows the, I guess that's just the northwest quarter of Section 30, is that right?

A That's right.

Q The rectangular box up on the north end, is that the treating plant location itself?

A Uh-huh, that's right.

Q Okay, on both sides of that rectangle you show oil wells. What are the status of those wells?

A Well, the one's that -- let's see which one I'm looking at. There's one on the pad that we're on.

Now I didn't know the other one was there, to tell you the truth, but there's one that they have shut down. They haven't pulled it yet but it is shut down and they're getting ready to pull it.

Q I'm sorry, I don't show one on the pad. I show two off to the side.

MR. KELLAHIN: Mr. Examiner,

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it's our understanding that one well has been plugged and abandoned; the other one is a temporarily abandoned status in the process of being plugged.

We'll have to supply you information subsequent to the hearing to tell you what operators have handled each of those wells because I can't tell you now.

Q Okay. Thank you. Mr. Eveans, are there to be firewalls around this facility?

A Yes.

Q Do you know the volume that these firewalls will contain?

A They'll have to be -- I know what we're going to have to put around the. We haven't got them up yet. They'll have to be enough to -- to take care of the -- of a spill if all tanks were to erupt, well, we'd have to take care of all of that.

Q Thank you, Mr. Eveans. That's all the questions I have for this witness.

MR. STOGNER: Are there any other questions of Mr. Eveans? If not, he may be excused.

MR. KELLAHIN: Thank you, Mr. Examiner.

MR. STOGNER: Mr. Kellahin, do you have anything further in that case?

MR. KELLAHIN: No, Mr. Stogner.

MR. STOGNER: Case Number 8192

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will be left open pending the additional information.

MR. KELLAHIN: Thank you.

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the Examiner's hearing of Case No. 8192, heard by me on 5/23 1984.

Michael D. Stoen Examiner  
Oil Conservation Division