

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date NOVEMBER 28, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
Huan Ingaram	Conoco Inc.	HOBBS
Jeff Marshall	Conoco Inc.	Hobbs
Bub Hulw	Byram	Santa Fe
JOHN UPCHURCH	PHILLIPS OIL Co	ODessa, TX
Ryka Alvarez	Public Service Co of NM	Albuquerque
K Aubrey	Kellahin + Kellahin	Santa Fe
John Echio	Self	Midland
W-V Kellahin	Kellahin + Kellahin	Santa Fe
Bob Stroud	Atwood, Melton, Mann + Turner	Roswell
Ray T. Nolan	Hegco	Roswell
Michelle Byrum	"	"
Scott Hall	Campbell + Black	Santa Fe
Charles Sponberg	Union Texas Petroleum	Farmington, NM
Tommy Sandoz	GAS Co of NM	Alb
Tom O'Brien	" " " "	"

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date NOVEMBER 28, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
MARVIN L ZUCKER	OTA Oil Resources	MIDLAND
ROBIN HUGHES	-	-
W J Graham	Chaveros Operating Co	Houston Tex
Linda Rice	Greenwood Resources	Denver, Co.
Paul E Poulos	" "	" "
Roy E Johnson	OCD	Santa Fe

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

28 November 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of GGC, Inc. for an
oil treating plant permit, Lea
County, New Mexico.

CASE
8411

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

J. Scott Hall
Attorney at Law
CAMPBELL & BLACK P. A.
P. O. Box 2208
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

2

I N D E X

GARLAND MORRIS

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

E X H I B I T S

GGC Exhibit One, Diagram	6
--------------------------	---

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. STOGNER: We'll call next Case Number 8411.

MR. TAYLOR: Application of GGC, Inc. for an oil treating plant permit, Lea County, New Mexico.

MR. HALL: Mr. Examiner, my name is Scott Hall from the law firm of Campbell and Black of Santa Fe, on behalf of the applicant.

We have one witness who needs to be sworn this morning.

MR. STOGNER: Are there any other appearances in this matter this morning?

If not, will the witness please stand to be sworn?

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. HALL:

Q Please state your name.

A I'm Garland Morris.

Q And, Mr. Morris, where do you live?

1
2 A I live at 2033 McKinley Street, Hobbs,
3 New Mexico.

4 Q And how are you employed?

5 A I'm a Vice President of GGC, Incorporated.
6

7 Q Mr. Morris, have you previously testified
8 before the Division?

9 A No, I have not.

10 Q Would you please give the Examiner a
11 brief rundown on your background and qualifications?

12 A Well, I'm a -- I have a high school edu-
13 cation. I spent thirteen years with Texaco, Incorporated,
14 employed in various positions, roustabout, pumper, assistant
15 production foreman and production foreman.

16 I worked two years for Texaco in Lea
17 County as Assistant Production Foreman.

18 The last twelve years I own Morris Oil
19 Company in Hobbs. I was an oil jobber there and I had ex-
20 perience in storage and transportation of light oils and jet
21 motor gasoline.

22 Q Mr. Morris, what is GGC seeking with this
23 application?

24 A We want to establish a treating plant in
25 northern Lea County to facilitate recovery of sediment oil
in Lea County and Eddy County.

 MR. HALL: Mr. Examiner, are
the witness' qualifications acceptable for purposes of this

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

hearing?

MR. STOGNER: Mr. Morris, how long have you lived in Hobbs?

A I've lived there this time since 1971.

MR. STOGNER: Okay. I find Mr. Morris qualified as Vice President of GGC and as a practical oil man.

Q Mr. Morris, what is the location of the proposed treating plant?

A The plant's fourteen miles west of Crossroads, New Mexico, in Section 29, Township 9, Range 33, Lea County, New Mexico.

Q Is it located near any existing tank battery?

A It's located approximately 7 or 800 feet south of a salt water disposal plant of Coastal States Oil and Gas Corporation.

Q Who owns the surface of the property upon which you propose to build the plant?

A Mr. Lyn Medlin of Portales, New Mexico.

Q All right, what interest does GGC have in this property?

A We acquired a permanent lease on the property to set the plant on.

Q And what will be the source of your oil supply to feed the plant?

A Sediment oil.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q How will you collect the oil?

A We plan to collect it with vacuum trucks.

Q All right, and what do you plan to do with the waste water which will result from the treating plant operations?

A We plan to have that hauled by local companies that dispose of waste water and have it hauled to the disposal sites.

Q Okay. Mr. Morris, I'll ask you to refer to what's been marked as Applicant's Exhibit One. Would you identify that for the Examiner, please?

A Yes. This is a plat of a proposed treating plant that we'd like to build at this location.

Q All right, now using the sketch, would you explain how the plant is intended to function?

A Yes. We have four 500-barrel tanks here, three with heating coils in them; a fourth for a sales tank and additional storage tank.

Tank Number Five is a 250-barrel tank to store water that will be disposed of.

On the straight left of the plat you see our truck unloading line where our vacuum trucks will hook in and pump oil into any selected tank, or we also have a 3-inch Bowie pump there that if we'd like we can pump oil from the truck into any tank.

Q All right, will the oil be treated with chemicals?

1
2 A Yes. We plan to try to treat oil with
3 chemicals. We've talked to Tret-O-Lite and Champion Chemi-
4 cal of Hobbs and selected some chemicals that we think will
5 work.

6 Q Okay. Now will the plant utilize a heat-
7 er-treater or a boiler?

8 A This -- we plan to use a 40-horsepower
9 Holman boiler. It's on the sketch HT-1. This a 1,400,000
10 BTU boiler. It's capable of treating approximately one bar-
11 rel of oil per minute.

12 Q All right, now, what is the design capa-
13 city of the plant?

14 A That will depend on how much oil comes
15 into it, but the boiler, like I say, it will treat one bar-
16 rel a minute. We think that we can probably effectively
17 treat and sell 2000 barrels of oil a month.

18 Q Okay. Mr. Morris, have you determined
19 the location of the nearest producing oil well?

20 A Yes, I have.

21 Q And where is that located?

22 A It's located approximately 1200 feet
23 north and 660 feet east of us.

24 Q Is GGC prepared to furnish the \$10,000
25 performance bond required by the Division?

A Yes, we are. We've contacted our insur-
ance agent on bonding us and various other matters and he
says we won't have any problem obtaining a bond. He's ap-

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

plying for us.

Q Will GGC keep all records and make all reports required by the Division operating this plant?

A Yes, we will.

Q Will that include the C-117 A and B Forms and C-118 Forms?

A Yes, it will.

Q Mr. Morris, are you familiar with the Division rules which were promulgated with an effective date of February 1, 1982?

A Yes, sir, I am.

Q What fire controls will be undertaken at the plant?

A We designed this plant to locate our boiler in a satisfactory manner. We feel that we won't have any fire exposure from flames.

The boiler will also be housed. We don't have that on the plat. And we think we'll have a -- very little fire hazard there.

Q All right. How soon do you plan to start operations?

A We'd like to start January 1 of '85.

Q Mr. Morris, in your opinion will the granting of this application provide for the recovery of oil which might otherwise not be recovered, thereby preventing waste?

A We believe it will. We've looked at some

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

other operators in Lea County and there are not many of them are actively pursuing sediment oil in open pits, and there are quite a few of those in Eddy County.

We feel that we can acquire quite a bit of oil from open pits and help the Oil Commission to get those pits closed up.

Q Have you determined, then, that there's a substantial need for this service?

A Yes, we have.

Q Mr. Morris, was Exhibit Number One prepared by you or under your direction?

A Yes, it was. It was prepared under my direction.

MR. HALL: Mr. Examiner, we'd move the admission of Exhibit One.

MR. STOGNER: Exhibit One will be admitted into evidence.

MR. HALL: That concludes my direct of this witness, Mr. Examiner.

CROSS EXAMINATION

BY MR. STOGNER:

Q Mr. Morris, you said that the salt water will be disposed of. Do you know where that salt water will be trucked to be disposed of?

A Yes, sir, approximately three miles west of Crossroads. Gandy has a disposal station there and we

1
2 plan to use Gandy and Kenneth's Trucking out of Crossroads
3 to pick this water up and haul it to this disposal.

4 Q How about any solid materials, how will
5 you dispose of those?

6 A Well, we plan to let Gandy Trucking han-
7 dle that. He has a pit about five miles south of Crossroads
8 that he does take solid fill into.

9 Q Mr. Morris, do you plan to have a care-
10 taker out there at the facilities around the clock or --

11 A No, sir, we do not. I don't think many
12 of these treating plants run on a 24-hour schedule.

13 Q Do you know of any of the production out
14 there in this area that you will bringing waste oil in that
15 is high in H2S content?

16 A I don't know of any. I'm not aware of
17 H2S in that area, really not. In this area where we are
18 right now a lot of San Andres oil is being produced and
19 there is some H2S in it, but not anything that we've seen
20 that's dangerous.

21 Q This facility being fourteen miles west
22 of Crossroads, that's in a fairly isolated area, is it not?

23 A It really is.

24 Q Okay. Do you plan to build fire walls
25 around any of the tanks or facilities?

A We didn't plan to.

MR. STOGNER: I have no further
questions of Mr. Morris.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Are there any other questions
of this witness?

Does anybody else have any
questions?

If not, he may be excused.

Mr. Hall, do you have anything
further in this case this morning?

MR. HALL: No, sir.

MR. STOGNER: Does anybody else
have anything further in Case Number 8411?

If not, this case will be taken
under advisement.

(Hearing concluded.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 Con-
servation Division was reported by me; that the said tran-
script 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 record of the proceedings in
the Examiner hearing of case No. 8411
heard by me on November 28 1984.
Michael P. Stover, Examiner
Oil Conservation Division