

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date DECEMBER 3, 1986 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Karen Quinlan	Kellahan Kellahan - Arctur	Santa Fe
R.R. Bobe Keadleich	El Paso Natural Gas	el Paso, TX
Em + L Prall	Kadick + Snyder	SF
Prob. Kuhn	Byrdam	Santa Fe
Ed Abram	EPNG	Farmington
Carl Fox	TERNECO	Denver, CO
Alex McLean	Tenneco	Denver, CO
JOHN SEXTON	OCD Hobbs	—
John Whitaker	BCNM	Bloomfield, NM
AR Keadleich	Self	Aspen, CO
Alan Emmerich	Man Grande Resource	Tulsa, OK
Kathy Johnson	Man Grande Resource	—
Scott Hall	Campbell + Black	SF
Mike Zelt	NWP	—
—	OCO	Aztec
John Sauer	Hatch Coal Firm	SF
Gary Green	SFEC	Midland, TX

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date DECEMBER 3, 1986 Time: 8:15 A.M.

NAME

REPRESENTING

LOCATION

Patrick Turner

Santa Fe Energy
Gas Company of New MexicoMidland
Albany

Jon Duke

Joel Levine

GCNM

ALB

Curt Anderson

SFEC

Midland

Tommy Saxons

GCNM

ALB

William Clark

Blackwood? Nichols Co

Lincoln, Co

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

6 3 December 1986

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 The hearing called by the Oil Con- CASE
10 servation Division on its own motion 8983
11 to permit Oil Processing, Inc., et al,
12 to appear and show cause why Oil Pro-
13 cessing's authority under Division
14 Order No. R-6053 should not be can-
15 celled.

16 BEFORE: Michael E. Stogner, Examiner

17 TRANSCRIPT OF HEARING

18 A P P E A R A N C E S

19 For the Oil Conservation Division: Jeff Taylor
20 Attorney at Law
21 Legal Counsel to the Division
22 State Land Office Bldg.
23 Santa Fe, New Mexico 87501

24 For the Applicant:
25

I N D E X

JERRY SEXTON

Direct Examination by Mr. Taylor

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Cross Examination by Mr. Stogner

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E X H I B I T S

Division Exhibit One, Photos

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Division Exhibit Two, Notice

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MR. STOGNER: This hearing will
come to order.

I'm Michael E. Stogner, designated Hearing Examiner today for Docket Number 37-86, December 3rd, 1986.

We will call first Case Number 8983, which is in the matter of the hearing called by the Oil Conservation Division on its own motion to permit Oil Processing, Incorporated, the Travelers. and all other interested parties to appear and show cause why Oil Processing's authority under Division Order No. R-6063 to operate an oil treating plant in Lea County, New Mexico, should not be cancelled and why that site should not be reclaimed in a timely manner and to specifications authorized by the OCD.

Call for appearances.

MR. TAYLOR: May it please the Examiner, my name is Jeff Taylor, Counsel for the Division and I have one witness.

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

Would the witness please stand to be sworn.

(Witness sworn.)

1 MR. STOGNER: You may be
2 seated.

3 Mr. Taylor?
4

5 JERRY SEXTON,
6 being called as a witness and being duly sworn upon his
7 oath, testified as follows, to-wit:
8

9 DIRECT EXAMINATION

10 BY MR. TAYLOR:

11 Q Would you please state your name, occupa-
12 tion, and place of employment?

13 A Jerry Sexton and I'm District Supervisor
14 at the Hobbs District I office.

15 Q And does District I include that area in
16 Lea County, in which the site of the treating plant in this
17 matter is located?

18 A Yes, it does.

19 Q And are you familiar with the matters in-
20 volved in Casxe 8983?

21 A Yes.

22 MR. TAYLOR: Mr. Examiner, I
23 tender the witness as an expert.

24 MR. STOGNER: Mr. Sexton is so
25 qualified.

1 Q Mr. Sexton, would you please tell us the
2 purpose of this case?

3 A Oil Processing as a treating plant is now
4 out of business and they've left a bunch of, oh, solid oil-
5 field waste material on the surface down there, as well as
6 some buried tanks which need to be cleaned up and disposed
7 of in a proper manner to keep the environment and prevent
8 any possibly pollution of the fresh water occurring at a
9 future date.

10 Since they are out of business and the
11 bond is available, we recommend that the Oil Conservation
12 Division do this and attempt to clean up the area.

13 Q Do you have any exhibits --

14 A Yes, I --

15 Q -- to introduce in this case?

16 A I have a series of pictures that we have
17 taken and it shows the -- somewhat to the extent of material
18 left at location.

19 It also shows the tanks were sold at a
20 Sheriff's sale, so we won't actually do any of the work un-
21 til the tanks have been removed. They're supposed to be re-
22 moved in the -- sometime this month, and then we'll propose
23 to get bids and dispose of the solid oil material on the
24 surface and level and clean up the location.

25 Q Would you please go through each of your

1 exhibits, describe it, and explain what it depicts?

2 A Exhibit One-A is a picture showing the
3 tanks that are left on location and the mess that will be
4 available when the tanks are moved.

5 Exhibit One-B is a different view of the
6 same and some of the different tanks. I think at one time
7 it was seventeen tanks on location.

8 Exhibit One-C is a -- shows a picture of
9 buried tanks plus solid waste plus there's junk material
10 consisting of barrels and other stuff.

11 Pictures One-D, One-E, and One-F all show
12 the degree and the amount of solid oilfield waste that will
13 have to be disposed of. This company brought in, oh, num-
14 erous dumptruck loads from Texas with the idea of reclaiming
15 it and dumped it on the surface of the ground.

16 So we're proposing to dispose of it.

17 Q Do these photographs labeled Exhibits
18 One-A through F accurately depict the circumstances on the
19 site in this case?

20 A Yes.

21 MR. TAYLOR: We'd tender Exhi-
22 bits One-A through F.

23 MR. STOGNER: Exhibits One-A
24 through One-F will be admitted into evidence at this time.

25 Q Mr. Sexton, do you know what's happened

1 to the former operators of this location?

2 A He's left Hobbs and my understanding, I
3 don't think anyone's been able to get hold of him and for
4 this reason they had a Sheriff's sale. I don't believe it
5 went into bankruptcy, it was just a dissolving of the busi-
6 ness.

7 Q Was an effort made by the Division to
8 give notice to the owners of the site and their insurance
9 agency?

10 A Yes. We've written them and their bon-
11 ding company in an attempt to locate and to inform them on
12 what's going on.

13 MR. TAYLOR: And, Mr. Examiner,
14 I'll, if you desire, label the notices as Exhibit Two, and
15 we can just staple that and the return receipt cards to-
16 gether.

17 Q And so, Mr. Sexton, the situation is that
18 because of the Sheriff's sale a large amount of the equip-
19 ment will be removed from the site but we will still need to
20 forfeit the bond in order to reclaim the site.

21 A Yes, that's true.

22 Q And do you have anything further to add
23 in this matter?

24 A No, I don't.

25 MR. TAYLOR: That's all we have

1 in this case, Mr. Examiner.

2 MR. STOGNER: Do you wish Exhi-
3 bit Two to be admitted into evidence?

4 MR. TAYLOR: Yeah, those -- as
5 a record of the Division.

6 MR. STOGNER: Exhibit Two will
7 be admitted into evidence at this time.

8

9 CROSS EXAMINATION

10 BY MR. STOGNER:

11 Q Mr. Sexton, about what time or how long
12 ago did this owner leave town or disappear or stop his oper-
13 ation?

14 A Oh, I estimate about a year but this is
15 -- this problem is one that comes up in a series. You know,
16 he was in operation for awhile, but it was hard to tell. He
17 was still around; then he moved off the equipment he could
18 salvage, and they had the Sheriff's sale. I would say prob-
19 ably a year.

20 Q Who is the owner that we refer to?

21 A Thurman Smith is the owner.

22 Q Has there been any trace of him, where
23 he's at today?

24 A No, I don't think -- we haven't been able
25 to contact him and I don't think the others in Hobbs have.

1 Q Okay. The series of photographs, about
2 when were they taken?

3 A Within the last, oh, two or three weeks.

4 Q Picture One-A and One-B show a series of
5 tanks. Are they empty or do they have anything in them?

6 A They're -- partially both. They were
7 sold as were by the Sheriff and they were given a month to
8 empty and remove the tanks from the land.

9 Q Do you know who bought the tanks?

10 A That would vary. There was probably as
11 many as seven or eight different buyers.

12 Q Okay, on Exhibit One-C I show looks like
13 a pit full of solid garbage, trash barrels, paper, a hard
14 hat, plastic. Will that hauled away and dumped somewhere or
15 will it just be buried?

16 A It will depend on what we have available
17 at the time. If we bury a lot of it we'll just bury that on
18 location. If we move, remove the other, we'll probably re-
19 move that.

20 Q On my last three series of photographs,
21 One-D, as in dog, E, and F, show it looks like several
22 mounds of black dirt. What is -- what is that made up of?

23 A That was obtained from Kilgore, Texas,
24 and it was to be reclaimed but I think the contents were not
25 such that it -- you could reclaim it economically, so if

1 there's nothing dangerous in it we could probably use it for
2 road material, some company; if not, we'll probably bury it
3 or take it to one of our approved disposal sites.

4 Q Have you received any correspondence from
5 Travelers Insurance Company other than this August 1st
6 letter that's in my file folder here?

7 A No, I haven't been in contact with them.

8 MR. STOGNER: Are there any
9 other questions of Mr. Sexton?

10 If not, he may be excused.

11 Mr. Taylor, do you have
12 anything further in this case?

13 MR. TAYLOR: No, Mr. Examiner,
14 that's it.

15 MR. STOGNER: Case Number 8983
16 will be taken under advisement.

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18 (Heariang concluded.)

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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 (Commission) 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 record of the proceedings in
the Examiner hearing of Case No. 8983,
heard by me on 30 December 19 86.
Michael E. Hagan, Examiner
Oil Conservation Division

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

5 November 1986

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conser- CASE
vation Division on its own motion to 8983
permit Oil Processing, Inc., et al, to
appear and show cause why authority
under Division Order No. R-6053 should
not be cancelled, Lea County, New
Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Jeff Taylor
Legal Counsel for the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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MR. STOGNER: We'll call next Case Number 8983, which is in the matter of the hearing called by the Oil Conservation Division on its own motion to permit Oil Processing, Incorporated, the Travelers, and all other parties to appear and show cause why Oil Processing's authority to operate an oil treating plant in Lea County, New Mexico, should not be suspended or cancelled.

Call for appearances.

MR. TAYLOR: May it please the Examiner, my name is Jeff Taylor, Counsel for the Division, and we would request that this case be continued to December 3rd.

We're just awaiting on this determination by the owners and by our division -- or by our offices in Hobbs as to whether they're going to be able to sell the equipment on site in exchange for paying the cost of reclamation, and we may dismiss the hearing if that's done.

MR. STOGNER: Thank you, Mr. Taylor.

At the applicant's request, Case Number 8993 will be continued to the Examiner's Hearing scheduled for December 3rd, 1986.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY the foregoing Transcript of Hearing before the Oil Conservation Division (Commission) was reported by me; that the said transcript is a full, true, and correct record of this portion 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 the Examiner
hearing of Case No. 8983 heard by
me on 5 November 1986.
Michael Estroger, Examiner
O. L. D.

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

8 October 1986

EXAMINER HEARING

IN THE MATTER OF:

The cases called on this docket for
which no testimony was presented.

CASE
8983, etc.
8998, 8999,
8984, 9000,
9001, 9003

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Jeff Taylor
Legal Counsel for the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

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CASE 8983

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CASE 8998

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CASE 8999

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CASE 8984

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CASE 9000

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CASE 9001

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CASE 9003

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2 MR. STOGNER: Call next Case
3 8983, which is in the matter of the hearing called by the
4 Oil Conservation Division on its own motion to permit Oil
5 Processing, Incorporated, the Travelers, and all other
6 interested parties to appear and show cause why Oil
7 Processing's authority under Division Order No. R-6053 to
8 operate an oil treating plant located in Lea County, should
9 not be cancelled and why the site of such plant should not
10 be reclaimed in a timely manner and to specifications
11 authorized by the OCD.

12 Call for appearances.

13 MR. TAYLOR: May it please the
14 Examiner, my name is Jeff Taylor, Counsel for the Division.

15 Haven't we already had the
16 hearing on this matter?

17 MR. STOGNER: I do not know,
18 Mr. Taylor. Was this continued from September 17th, 1986?

19 MR. TAYLOR: I thought it was
20 just readvertised, but I can't remember.

21 This seems like this was the
22 one Mr. Sexton was already here and testified on. I don't
23 know why it was continued unless it was just --

24 As I recall, we've already had
25 the testimony from the Commission on it and there was no re-

1 sponse from the --

2 MR. STOGNER: Mr. Taylor, to
3 what day would you like to continue this case?

4
5 (Thereupon a discussion was had
6 off the record.)

7
8 At the request of the OCD this
9 Case Number 8983 will be continued to the Examiner's hearing
10 scheduled for November 5th, 1986.

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12 (Hearing concluded.)

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16 MR. STOGNER: Call next Case
17 No. 8998.

18 MR. TAYLOR: The application of
19 Amoco Production Company for a unit agreement, Rio Arriba
20 County, New Mexico.

21 The applicant has requested
22 that this case be continued.

23 MR. STOGNER: Case No. 8998
24 will be continued to the Examiner's Hearing scheduled for
25 November 5th, 1986.

(Hearing concluded.)

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MR. STOGNER: Call next Case
No. 8999.

MR. TAYLOR: The application of
V. H. Westbrook for hardship gas well classification, Chaves
County, New Mexico.

The applicant has requested
that this case be continued.

MR. STOGNER: Case No. 8999
will be continued to the Examiner's Hearing scheduled for
November 5th, 1986.

(Hearing concluded.)

MR. STOGNER: Call next Case
No. 8984.

MR. TAYLOR: Application of H.
E. Prince Construction and Petroleum for salt water
disposal, Chaves County, New Mexico.

MR. STOGNER: We will call for
appearances.

This case has been continued
twice before. Mr. Prince has not returned our calls. This
case will be dismissed.

(Hearing concluded.)

1 MR. STOGNER: Call next Case
2 No. 9000.

3 MR. TAYLOR: Application of
4 Lynx Petroleum Company for a nonstandard oil proration unit
5 and an unorthodox oil well location, Lea County, New Mexico.

6 The applicant has requested
7 that this case be continued.

8 MR. STOGNER: Case Number 9000
9 will be continued to the Examiner's Hearing scheduled for
10 November 22nd, 1986.

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12 (Hearing concluded.)

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16 MR. STOGNER: Call next Case
17 No. 9001.

18 MR. TAYLOR: Application of HNG
19 Oil Company for compulsory pooling, Eddy County, New Mexico.

20 The applicant has requested
21 that this case be dismissed.

22 MR. STOGNER: Case No. 9001
23 will be dismissed.

24
25 (Hearing concluded.)

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2 MR. STOGNER: We'll call next
3 Case No. 9003.

4 MR. TAYLOR: Application of
5 Pennzoil Company for an unorthodox oil well location and
6 simultaneous dedication, Lea County, New Mexico.

7 The applicant has requested
8 that this case be continued.

9 MR. STOGNER: Case No. 9003, at
10 the request of the applicant, will be continued to the Com-
11 mission Hearing scheduled for November 20th, 1986.

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13 (Hearing concluded.)
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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 the foregoing Transcript of Hearing before the Oil
Conservation Division (Commission) 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 record of the proceedings in
the Examiner hearing of Case No. 8983, 8998, 8999, 8984,
heard by me on 8 October 19 86, 9000, 9001, 9003

Michael D. [Signature], Examiner
Oil Conservation Division

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

17 September 1986

EXAMINER HEARING

IN THE MATTER OF:

Cases which have been called on this
docket for which no testimony has
been presented.

CASE
8983 etc.
8984, 8939,
8940, 8988,
8991, 8958,
8993

BEFORE: DAVID R. CATANACH, EXAMINER

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Jeff Taylor
Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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I N D E X

CASE 8983	3
CASE 8984	3&5
CASE 8939	4
CASE 8940	4
CASE 8988	5
CASE 8991	5
CASE 8958	6
CASE 8993	7

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MR. CATANACH: We'll call next
Case 8983.

MR. TAYLOR: In the matter of
the hearing called by the Oil Conservation Division on its
own motion to permit Oil Processing, Inc., Travelers Insurance
Company, and all other interested parties to appear and
show cause why Oil Processing's authority under Division Order
No. R-6053 to operate an oil treating plant should not
be cancelled.

We'd like to request that this
case be continued till the next Examiner's Hearing.

MR. CATANACH: Case 8983 will
be continued to the October 8th, 1986 hearing.

(Hearing concluded.)

MR. CATANACH: We'll call next
Case 8984.

MR. TAYLOR: The application of
H. E. Prince Construction and Petroleum for salt water disposal,
Chaves County, New Mexico.

MR. CATANACH: Are there
appearances in this case?

MR. TAYLOR: Sally, we'll come

1 back to this one.

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MR. CATANACH: Call next Case

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8939.

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MR. TAYLOR: Application of

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Yates Petroleum Corporation for salt water disposal, Lea

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County, New Mexico.

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Applicant has requested that

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this case be dismissed.

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MR. CATANACH: Case 8939 is

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hereby dismissed.

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(Hearing concluded.)

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MR. CATANACH: Call next Case

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8940.

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MR. TAYLOR: Application of

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Yates Petroleum Corporation for salt water disposal, Lea

23

County, New Mexico.

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The applicant has requested

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that this case be dismissed.

1 MR. CATANACH: Case 8940 is
2 hereby dismissed.

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4 (Hearing concluded.)

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6 MR. CATANACH: We'll call next
7 Case 8988.

8 MR. TAYLOR: Application of TXO
9 Production Corporation for an unorthodox gas well location,
10 Eddy County, New Mexico.

11 The applicant has requested
12 that this case be dismissed.

13 MR. CATANACH: Case 8988 is
14 hereby dismissed.

15
16 (Hearing concluded.)

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18 * * *

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20 MR. CATANACH: Case 8984 is
21 going to be continued to the October 8th, 1986 hearing.

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23
24 (Hearing concluded.)

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1 MR. CATAMACH: We'll call next
2 Case 8991.

3 MR. TAYLOR: Application of
4 Amerind Oil Company for an unorthodox oil well location, Lea
5 County, New Mexico.

6 The applicant has requested
7 that this case be dismissed.

8 MR. CATANACH: Case 8991 is
9 hereby dismissed.

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11 (Hearing concluded.)

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15 MR. CATANACH: Call next Case
16 8958.

17 MR. TAYLOR: Application of
18 Amoco Production Company for hardship gas well classifica-
19 tion, Lea County, New Mexico.

20 The applicant has requested
21 that this case be dismissed.

22 MR. CATANACH: Case 8958 is
23 hereby dismissed.

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25 (Hearing concluded.)

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MR. CATANACH: Call next Case
8993.

MR. TAYLOR: Application of
Texaco, Incorporated, for an unorthodox oil well location,
Lea County, New Mexico.

The applicant has requested
that this case be continued.

MR. CATANACH: Case 8993 will
be continued to the October 8th, 1986 docket.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
CERTIFY the foregoing Transcript of Hearing before the Oil
Conservation Division (Commission) 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.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on September 17, 1986.

David R. Catanzano, Examiner
Oil Conservation Division