

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8887
Order No. R-8240

APPLICATION OF NEWSTAR RESOURCES, INC.
FOR AN OIL TREATING PLANT PERMIT, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 14, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of June, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Newstar Resources, Inc., seeks authority to construct and operate a chemical and heat-treatment type oil treating plant to be located in the N/2 N/2 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, for the processing of approximately 3000 barrels of sediment oil per day to be obtained from disposal water, tank bottoms, and waste pits.

(3) The initial capacity of said treating plant is to be approximately 600 barrels of oil per day, as shown on the schematic diagram presented by the applicant at the hearing and designated as Exhibit No. 1; the plant as constructed, however, contains all of the necessary treating equipment required to process 3000 barrels of oil per day.

(4) The applicant testified that the expansion of said treating plant to a capacity of 3000 barrels of oil per day required only the placement of additional receiving and storage tanks.

(5) The applicant should be required to submit a revised schematic diagram of said plant to the Division as expansion takes place.

(6) The proposed plant and method of processing will efficiently process, treat, and reclaim the aforementioned waste oil, thereby salvaging oil which would otherwise be wasted.

(7) The treating plant should be constructed, operated and maintained in such a manner as to preclude spills and fires, protect persons and livestock, and prevent contamination of fresh waters.

(8) The Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

(9) Authority for operation of the plant should be suspended or rescinded whenever such suspension of rescission should appear necessary to protect human health or property, to protect fresh water supplies from contamination, to prevent waste, or for non-compliance with the terms and conditions of this order or Division rules.

(10) The treating plant permit should be non-transferable.

(11) The subject application should be approved as being in the best interests of conservation.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Newstar Resources, Inc., is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant located in the N/2 N/2 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming up to 3000 barrels of sediment oil, per day, obtained from tank bottoms, waste pits, and disposal water.

PROVIDED HOWEVER, that upon the expansion of said treating plant from the initial capacity of 600 barrels of oil per day, the applicant shall submit revised schematic diagrams of said plant to the Division.

(2) The facility shall have adequate fencing, gates, and cattle guards installed and maintained as protection for livestock and preclude entry by persons during periods when the facility is unattended;

(3) The facility shall be operated and maintained in such a manner that spills or leaks will be prevented and any spill or leak which should occur will be immediately cleaned up;

(4) There shall be a fifteen-foot fireline cleared of all debris and vegetation encircling the site; and,

(5) Dikes shall be constructed around the facility capable of holding the entire capacity of all tanks and vessels at the site.

(6) Prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of a treating plant bond in an amount as provided and conditioned upon terms and requirements of Division Rule 312.

(7) The disposal of waste fluids or solids accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which may constitute a hazard to any fresh water supplies is hereby prohibited.

(8) The Director of the Division may administratively grant authority for the expansion or modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rules and Regulations.

(9) Authority for operations of the facility may be suspended or rescinded should such suspension or rescission appear necessary to protect human health or property, to protect fresh water supplies from contamination, to prevent waste or for non-compliance with the terms and conditions of this order or Division rules.

(10) The treating plant authorization is non-transferable to any other location or operator.

(11) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

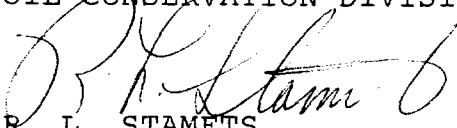
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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


R. L. STAMETS,
Director

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