

CASE 1061: Neville G. Penrose, Inc. applica-
tion for exception to Rule 309 (a), trans-
port oil from lease where produced to another
point.

Case No.

1061

Application, Transcript,
Small Exhibits, Etc.

NEW OFFICE 800
LEADER 10-11-11-01

NEVILLE G. PENROSE, INC.

FAIR BUILDING
FORT WORTH 2, TEXAS

March 12, 1956

Examiner's Report

*Examine by
@ Hobbs
@ 10 AM
on 4/25/56*

Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attn: Mr. W. B. Macey, Secretary & Director

Re: Neville G. Penrose, Inc. Scharbauer #1 NE/4 NW/4 Section 25,
17S, 35E, Lea County, New Mexico

Gentlemen:

On completion of the above described well, it became necessary to set storage tanks on a lease separate from the well location in order to obtain a pipeline connection. Therefore, we respectfully request an exception to Rule 309, in order that oil may be transported from the lease without first being measured. In support of this request, the following is offered:

1. The Scharbauer lease contains forty acres, being the NE/4 NW/4 Section 25, 17S, 35E Lea County, New Mexico.
2. Storage tanks receiving production from Scharbauer #1, are located in SW/4 SW/4 Section 24, 17S 35E Lea County, New Mexico. The Scharbauer storage tanks are not connected in any manner to other storage tanks located in Section 24.
3. There is no intent to commingle production.
4. The only reason for setting tanks on a lease, other than that on which the well is located, is to facilitate the taking of oil by Texas-New Mexico Pipe Line Company.

Inasmuch as, a pipe line connection and sale of production is dependent upon the Oil Conservation Commission granting an exception to Rule 309 in this case; we respectfully request an examiner hearing at the Hobbs, New Mexico office at an early date.

Very truly yours,

John P. McNaughton
John P. McNaughton

JPM:gc

cc's: Registered Return Receipt Requested :

Great Western Drilling Company
Box 191
Lubbock, Texas

Phillips Petroleum Company
Box 2105
Hobbs, New Mexico

Standard Oil Company of Texas
McClintock Building
Midland, Texas

cc's: Henry Bright
Box 988
Eunice, New Mexico

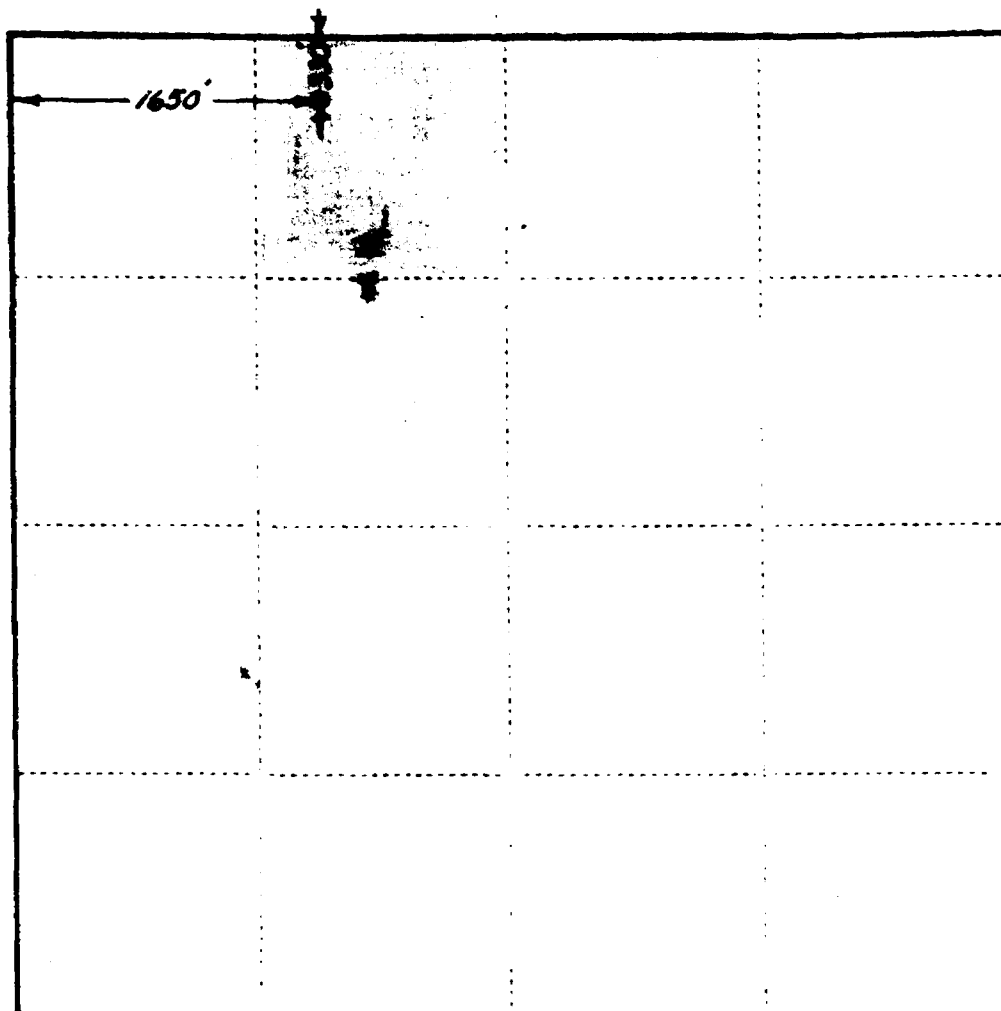
Oil Conservation Commission
Box 2045
Hobbs, New Mexico
Attn: Mr. A. L. Porter, Jr.

WELL LOCATION SURVEY PLAT

OPERATOR NEVILLE G PENROSE, INC.

LEASE SCARBOROUGH

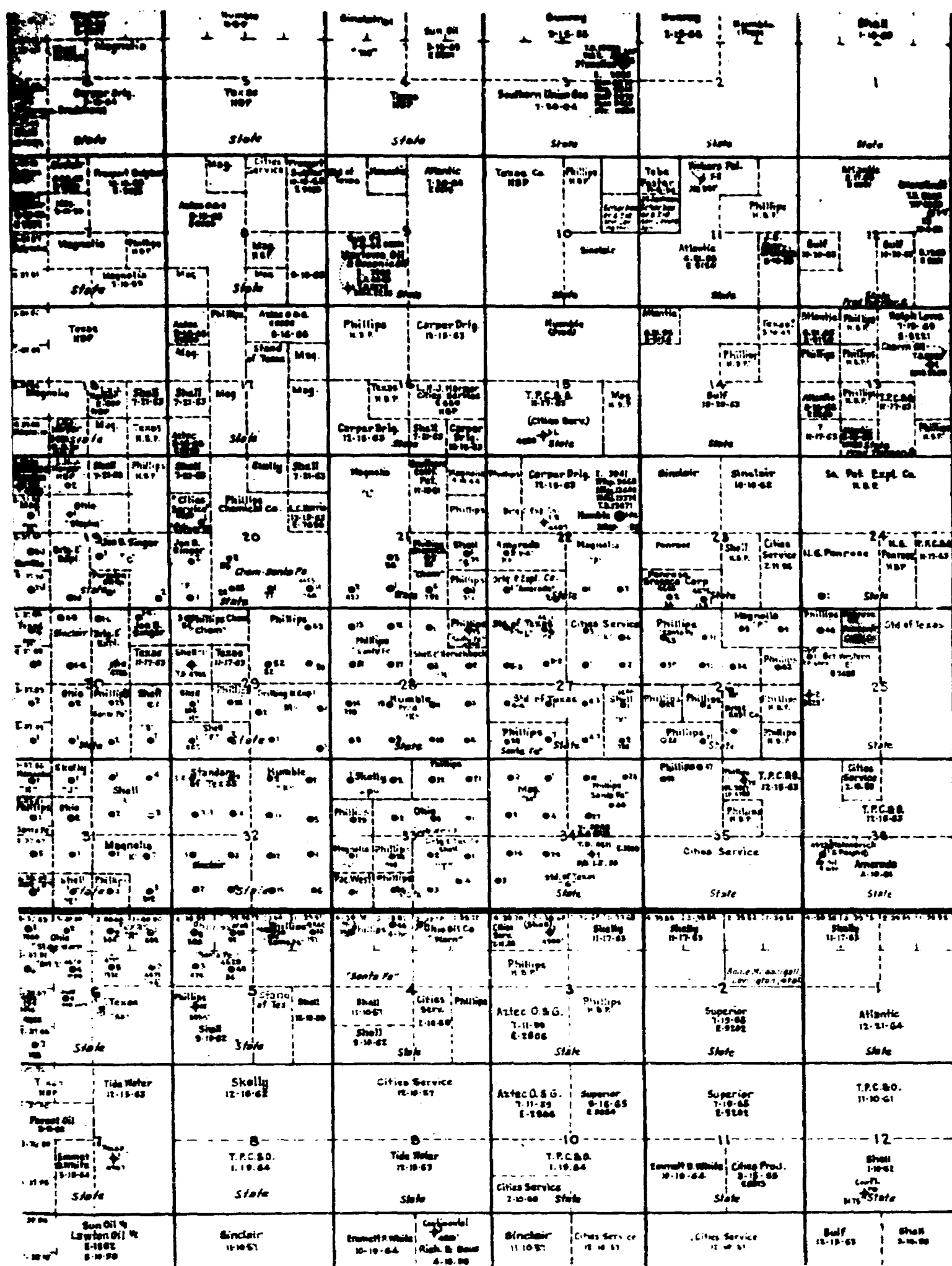
WELL NO. 1



SEC. 25, TWP. 17 S., RGE. 35 E., N.M.P.M.

I HEREBY CERTIFY THAT THIS PLAT WAS MADE
FROM NOTES TAKEN IN THE FIELD BY ME AND
THAT THE SAME IS TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

John W. Vint



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17
S

OIL CONSERVATION COMMISSION
MAIN OFFICE OCC HOBBS, NEW MEXICO

1956 MAR 12 AM 8:37

W. B. Macey

March 9, 1956

C
O
P
Y

Mr. John F. McNaughton
Neville G. Penrose, Inc.
1813 Fair Bldg.
Ft. Worth, Texas

Re: Exception to Rule 309

Dear John:

I have discussed your letter of March 8th relative to your Scharbauer #1 with Mr. Macey, Director of the Commission, and he advises that it will not be possible for the Commission to waive the necessity for your compliance with Commission Rule 309. It will therefore be necessary for you to apply to the Commission for a hearing immediately. It might be possible to expedite matters if you request an examiner hearing at the Hobbs office.

Yours very truly,

OIL CONSERVATION COMMISSION

A. L. Porter, Jr.

A. L. Porter, Jr.
Proration Manager

ALP/hs
cc: Mr. W. B. Macey
P. O. Box 871
Santa Fe, New Mexico

MAIL OFFICE OCC

1053 MAR 1 1956 PM 1:29

NEVILLE G. PENROSE, INC.
FAIR BUILDING
FORT WORTH 2, TEXAS

March 26, 1956

Oil Conservation Commission
Box 871
Santa Fe, New Mexico

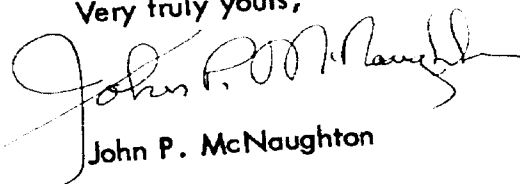
Attn: Mr. Warren Mankin

Re: Scharbauer #1, NE/4 NW/4, Section 25, T-17-S, R-35-E,
Lea County, New Mexico

Dear Mr. Mankin:

Enclosed herewith, please find two additional copies of a recent application, concerning this lease. These are submitted as requested by you on March 23rd.

Very truly yours,


John P. McNaughton

JPM:gc
Enclosures

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 4, 1956

C
O
P
Y

Mr. John P. McNaughton
Neville G. Penrose, Inc.
Fair Building
Fort Worth 2, Texas

Dear Sir:

We enclose a copy of Order R-807 issued May 28, 1956, by the Oil Conservation Commission in Case 1061, which was heard on April 25th at Hobbs.

Very truly yours,

A. L. Porter, Jr.
Acting Secretary - Director

brp
Encl.

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 25, 1956

IN THE MATTER OF:

CASE NO. 1061

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 25, 1956

Application of Neville G Penrose, Inc., for an order granting an exception to Rule 309 (a) of the New Mexico Oil Conservation Commission Statewide Rules and Regulations in the granting of permission to transport oil from the lease on which it is produced to a tank battery located at a point other than on said lease.

Applicant, in the above-styled cause, seeks an order granting permission to transport oil produced from the Vacuum Pool from its Scharbauer No. 1 Well located in the NE/4 NW/4 of Section 25, Township 17 South, Range 35 East, Lea County, New Mexico, to a tank battery located in the SW/4 SW/4 of S Ection 24, Township 17 South, Range 35 East, Lea County, New Mexico.

Case No. 1061

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case is Case 1061, the application of Neville G. Penrose Inc. for an order granting exception to Rule 309 (a).

MCNAUGHTON: I will be the only witness this morning.

JOHN MCNAUGHTON

called as a witness, having first been duly sworn, testified as follows:

MCNAUGHTON: I am John McNaughton, Vice-President of Neville G. Penrose, Inc. petroleum engineering graduate of Colorado School of Mines. I have been actively engaged in various phases of the oil business for the last ten years and have testified before the Commission before.

MANKIN: Qualifications are accepted.

MCNAUGHTON: The Neville G. Penrose, Inc., Scharbauer No. 1 was completed on February 26, in the San Andres pay in the Vacuum Pool and with a potential of 35 barrels of oil per day. This is a 40-acre lease, being in the NE/4 NW/4 of Section 25, 17 South, 34 East-----38 East, excuse me, Lea County; I believe that is a typeographical error, I believe it is 34 East.

MANKIN: I believe your original application said 35 East, which would be in the Vacuum Pool.

MCNAUGHTON: I will have to read these copies. It is 35 East, I have the original copy here. Will you please make that correction on the exhibit. Because of the terrain difficulties, it appeared impractical to locate the storage tanks at the wellsite. There was a local depression at that point and the oil would not gravitate to the pipeline and rather than locate the storage tanks at a farther distance from the pipeline we set the tanks on our Southern State lease, located in the SW/4 SW/4 of Section 24, 17-35. These storage tanks are located in the tank battery with the Southern State Tank battery, but they are not connected in any way, there is no desire on our part to commingle the oil. We discussed this matter with the Texas-New Mexico Pipeline Company, who is taking the oil, and it was their desire that we locate the tanks at this point. Other than that there is no reason for us to set these tanks across the lease line. Our only reason for requesting this exception to Rule 309 is a matter of convenience. For the reason set forth, we request and exception to this rule. Are there any questions?

MANKIN: Mr. McNaughton, to clarify your point, in other words there is no commingling. All this particular request is - Rule 309 states that it shall be measured on the lease and therefore since it will not be measured on the lease, you are requesting this exception to commit measurement on another lease for ease of operation into the

pipeline.

MCNAUGHTON: That's correct sir.

MANKIN: Have you requested permission of the New Mexico State Land Office for setting this tank battery from a patented lease on a state lease?

MCNAUGHTON: The only request we have made is the one which came to you under cover of our March 12th letter, which you have before you as an exhibit.

MANKIN: You have not requested such convenience for your operations from the State Land Office to permit the metering and measurement of oil on a State lease, from a patented lease then?

MCNAUGHTON: No, sir, we have not.

MANKIN: Would you be agreeable to requesting such operation to the New Mexico State Land Office at Santa Fe, so that they are aware of--that the oil which will be measured on this State lease is not State property or not State oil and not subject to royalty---so that they are aware of that particular situation. I am sure it will be a routine procedure. Would you make such a request? Send a copy of that to the Commission and when they grant you that permission, they will likewise, of course, notify us.

MCNAUGHTON: Alright sir.

GURLEY: Mr. McNaughton, you are at present receiving production from your Scharbauer No. 1 in this storage tank for which you are asking a -----

MCNAUGHTON: Unfortunately we are not receiving any oil. We are endeavoring to get some. After treatment there seems to be a mechanical block in the well and we are not getting any oil at all out of the well at this time, but the well was potentialled and produced for a period of time.

GURLEY: When was the well brought in?

MCNAUGHTON: The well was potentialled on February 26th.

GURLEY: And it has not produced since that time?

MCNAUGHTON: Yes, it has produced some oil since that time But not a full tank of oil has been produced since that time.

GURLEY: But you have been producing it since that time into this particular storage tank?

MCNAUGHTON: That's correct.

MANKIN: Is there question of the witness in this case? Did you wish to enter this copy of the plat and of the application as an exhibit?

MCNAUGHTON: Yes, sir, with the correction noted on the location.

MANKIN: This is the same as your application so there would be no need to mark this as exhibit No. 1.

MCNAUGHTON: That's right.

MANKIN: IS there any further question of the witness in this case? If not, the witness may be excused and we will take the case under advisement.

STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE)

I, Joan Hadley, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission Examiner at Hobbs, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

Dated this 25th day of May, 1956.

Joan Hadley

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1061
Order No. R-807

THE APPLICATION OF NEVILLE G.
PENROSE, INC., FOR AN ORDER
GRANTING AN EXCEPTION TO RULE
309 (a) OF THE NEW MEXICO OIL
CONSERVATION COMMISSION STATEWIDE
RULES AND REGULATIONS IN THE
GRANTING OF PERMISSION TO TRANSPORT
OIL FROM ITS SCHARBAUER NO. 1 WELL
LOCATED ON ITS SCHARBAUER LEASE,
CONSISTING OF THE NE/4 NW/4 SECTION
25, TOWNSHIP 17 SOUTH, RANGE 35 EAST,
NMPM, VACUUM POOL, LEA COUNTY, NEW
MEXICO, TO A STORAGE BATTERY LOCATED
AT A POINT OTHER THAN ON SAID LEASE,
SAID BATTERY BEING IN THE SW/4 SW/4
SECTION 24, TOWNSHIP 17 SOUTH, RANGE
35 EAST, NMPM, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m.
April 25, 1956, at Hobbs, New Mexico, before Warren W. Mankin,
Examiner duly appointed by the Oil Conservation Commission of
New Mexico in accordance with Rule 1214 of the Commission State-
wide Rules and Regulations.

NOW, on this 28th day of May 1956, the Oil Con-
servation Commission of New Mexico, hereinafter referred to as the
"Commission", a quorum being present, having considered said appli-
cation, the evidence adduced and the recommendations of the Examiner
Warren W. Mankin, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing
and the purpose thereof having been given as required by law, the
Commission has jurisdiction of this case and the subject matter
thereof.

(2) That applicant, Neville G. Penrose, Inc., is the
operator of its Scharbauer No. 1 Well located 330 feet from the
North line and 1850 feet from the West line of Section 25, Township
17 South, Range 35 East, NMPM, Lea County, New Mexico, said NE/4
NW/4 of Section 25 comprising applicant's Scharbauer Lease in its
entirety.

(3) That in order to facilitate the transporting of oil by Texas-New Mexico Pipeline Company it is necessary for applicant to set its storage tanks on acreage other than that in its Scharbauer lease.

(4) That said tanks are now located on SW/4 SW/4 of Section 24, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, which is the applicant's State Lease and are presently receiving oil from applicant's Scharbauer No. 1 Well.

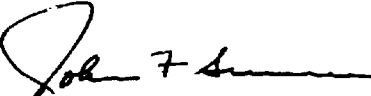
(5) That there is no intent to commingle production.

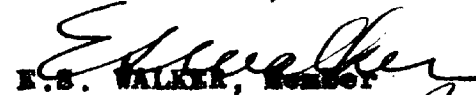
IT IS THEREFORE ORDERED:

1. That the application of Neville G. Penrose, Inc., for an order granting an exception to Rule 309 (a) of the State-wide Rules and Regulations in the establishment of a tank battery in the SW/4 SW/4 Section 24, Township 17 South, Range 35 East, NMPM, to receive production from its Scharbauer No. 1 Well located on the NE/4 NW/4, Section 25, Township 17 South, Range 35 East, NMPM, Vacuum Pool, Lea County, New Mexico, said NE/4 NW/4 Section 25 comprising the applicant's Scharbauer Lease, be and the same is hereby approved.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMME, Chairman


E.S. WALKER, Member


A. L. PORTER, Jr., Member and Secretary



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