

NEW MEXICO OIL CONSERVATION DIVISION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO 87501

OFF-LEASE STORAGE ORDER OLS- 124

Company: Newmont Oil Co.
Address: 600 Jefferson - 9th Floor
City, State, Zip: Houston, Texas 77002

Attention: Mr. Jeffrey A. Daniel.

As an exception to the requirements of Rule 309-A of the Division Rules and Regulations, and pursuant to the provisions of Rule 309-C, the above-named company is hereby authorized off-lease storage for Loco Hills-Grayburg pool production from the following lease:

Lease Name: Schenrich "B"
Description: SE/4 NW/4 Sec. 32, T-17-S, R-30-E, NMPM, Eddy County


The aforesaid production is to be transported prior to measurement to its own tank battery to be located in

Unit Letter E Section 32 Township 17 South Range 30 East
on the Schenrich "A" Lease.

Note: This installation shall be operated in accordance with the provisions of Rules 309-A and 309-B of the Division Rules and Regulations, and there shall be no intercommunication of the handling, separating, treating, or storage facilities designated to each of the above leases.

REMARKS:

DONE at Santa Fe, New Mexico, on this 15th day of December, 1980.



JOE D. RAMEY, Division Director

RECEIVED
OCT 23 1980
OIL CONSERVATION DIVISION
SANTA FE

NEWMONT OIL COMPANY

600 JEFFERSON - NINTH FLOOR

HOUSTON, TEXAS 77002

October 17, 1980

Joe D. Ramey
Secretary - Director (3)
New Mexico Oil Conservation Commission
P.O. Box 2088
Sante Fe, New Mexico 87501

Re: Request for Exception to
Commission Rule 309-A

Dear Sir:

Newmont Oil Company, as operator and 100% Working Interest Owner of the Scheurich "A" (NM B4108-13) and Scheurich "B" (NM B4108-35) Leases, Loco Hills Field, Eddy County, New Mexico, herein requests an exception to Commission Rule 309-A to allow transportation and storage of production from the Scheurich "B" Lease on the Scheurich "A" Lease. Scheurich "B" Well No. 6 is currently a shut-in producing well in the Loco Hills (Grayburg) Sand which Newmont desires to return to production. Newmont proposes to lay a flowline from the Scheurich "B" Lease to the Scheurich "A" Lease, as indicated on the enclosed plat (Attachment 1), and store the B-6 well Production in one of the active storage tanks on the Scheurich "A" Lease.

Scheurich "A" Well No. 1 is a low rate well producing 1 BOPD, 0 BWPD, and gas TSTM from the Queen Sand. Anticipated production from the B-6 well is 3-5 BOPD, 140 BWPD, and gas TSTM. Attachment 2 illustrates the production facilities on the Scheurich "B" Lease. Based on marginal production and insignificant gas volumes, Newmont plans to isolate the two storage tanks and produce the A-1 well into one tank, while the B-6 well will be routed through the gun barrel and into the other tank. Commingling of production from the two leases will not result, and the storage tanks will be gauged separately.

A list of Royalty Interest Owner's names and addresses is included as Attachment 3. In compliance with Commission Rule 309-C, Attachments 4 and 5 and copies of notification letters which were sent by certified mail to each Royalty Interest Owner and to Arco Petroleum Products Company (purchaser), respectively.

Yours very truly,

Jeffrey A. Daniel

Jeffrey A. Daniel

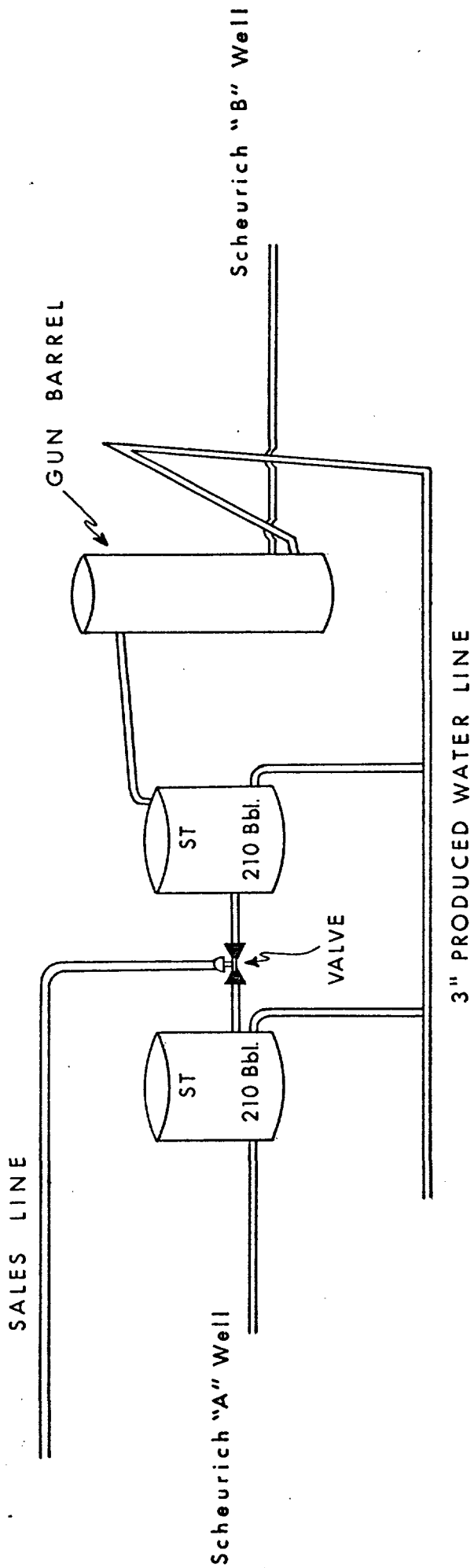
JAD:tjm

Attachments (5)

xc: John A. Fagin
Joe McGonagill
David Lawrence

<p>Gen. Amer.</p> <p>ROAD</p> <p>⑤ S.I.</p> <p>⑩ S.I. +</p> <p>⑦ S.I.</p>	<p>D.C. Collier</p> <p>① S.I.</p> <p>①-D</p> <p>State CA</p>	<p>Gen. Amer.</p> <p>① S.I.</p> <p>'B'</p> <p>State</p>	<p>Newmont</p> <p>WF: 2:21</p> <p>③ +</p>
<p>① S.I.</p> <p>④ S.I.</p> <p>⑤ S.I.</p> <p>⑥ S.I.</p> <p>⑧ S.I.</p> <p>⑨ S.I.</p> <p>⑪ S.I.</p> <p>⑫ S.I.</p> <p>⑬ S.I.</p> <p>⑭ S.I.</p> <p>⑮ S.I.</p>	<p>Newmont</p> <p>WF 2:16</p> <p>7-B</p> <p>⑧ S.I.</p> <p>8-B</p> <p>⑨ S.I.</p> <p>Newmont</p> <p>WF 2:15</p>	<p>Newmont</p> <p>WF 2:14</p> <p>WF 2:10</p> <p>②-A S.I.</p> <p>③ S.I.</p> <p>④ S.I.</p> <p>⑤ S.I.</p> <p>⑥ S.I.</p> <p>⑦ S.I.</p> <p>⑧ S.I.</p> <p>⑨ S.I.</p> <p>⑩ S.I.</p> <p>⑪ S.I.</p> <p>⑫ S.I.</p> <p>⑬ S.I.</p> <p>⑭ S.I.</p> <p>⑮ S.I.</p>	<p>Newmont</p> <p>WF 2:14</p> <p>NM 4108-34</p> <p>⑨</p> <p>⑩</p> <p>⑪</p> <p>⑫</p> <p>⑬</p> <p>⑭</p> <p>⑮</p>
<p>① S.I.</p> <p>② S.I.</p> <p>③ S.I.</p> <p>④ S.I.</p> <p>⑤ S.I.</p> <p>⑥ S.I.</p> <p>⑦ S.I.</p> <p>⑧ S.I.</p> <p>⑨ S.I.</p> <p>⑩ S.I.</p> <p>⑪ S.I.</p> <p>⑫ S.I.</p> <p>⑬ S.I.</p> <p>⑭ S.I.</p> <p>⑮ S.I.</p>	<p>Newmont</p> <p>WF 2:14</p> <p>NM 4108-34</p> <p>⑨</p> <p>⑩</p> <p>⑪</p> <p>⑫</p> <p>⑬</p> <p>⑭</p> <p>⑮</p>	<p>Newmont</p> <p>WF 2:14</p> <p>NM 4108-34</p> <p>⑨</p> <p>⑩</p> <p>⑪</p> <p>⑫</p> <p>⑬</p> <p>⑭</p> <p>⑮</p>	<p>Newmont</p> <p>WF 2:14</p> <p>NM 4108-34</p> <p>⑨</p> <p>⑩</p> <p>⑪</p> <p>⑫</p> <p>⑬</p> <p>⑭</p> <p>⑮</p>
<p>① S.I.</p> <p>② S.I.</p> <p>③ S.I.</p> <p>④ S.I.</p> <p>⑤ S.I.</p> <p>⑥ S.I.</p> <p>⑦ S.I.</p> <p>⑧ S.I.</p> <p>⑨ S.I.</p> <p>⑩ S.I.</p> <p>⑪ S.I.</p> <p>⑫ S.I.</p> <p>⑬ S.I.</p> <p>⑭ S.I.</p> <p>⑮ S.I.</p>	<p>Newmont</p> <p>WF 2:11</p> <p>NM 4108-41</p> <p>⑨</p> <p>⑩</p> <p>⑪</p> <p>⑫</p> <p>⑬</p> <p>⑭</p> <p>⑮</p>	<p>Newmont</p> <p>WF 2:11</p> <p>NM 4108-41</p> <p>⑨</p> <p>⑩</p> <p>⑪</p> <p>⑫</p> <p>⑬</p> <p>⑭</p> <p>⑮</p>	<p>Newmont</p> <p>WF 2:11</p> <p>NM 4108-41</p> <p>⑨</p> <p>⑩</p> <p>⑪</p> <p>⑫</p> <p>⑬</p> <p>⑭</p> <p>⑮</p>

SCHEMATIC
PRODUCTION FACILITIES
Scheurich "A" & "B"



DIVISION OF INTEREST
SCHEURICH "A" LEASE
SW/4 of NW/4, SEC. 32, R30E, T17S
NM B4108-13

<u>Interest Owner</u>	<u>Interest</u>
The Fort Worth National Bank for the Account of Bert H. Murphy c/o Fort Worth National Bank Oil Loan Department Fort Worth, Texas 76102	.00241210 (ORRI) .00723640 (ORRI)
Curtis McBroom P.O. Box 141 Granbury, Texas 76048	.00964840 (ORRI)
Mary Rainey Randall 6642 26th St. North St. Petersburg, Florida 33702	.00025390 (ORRI) .00076170 (ORRI)
Vada Spurck (Address Unknown)	.04250000 (ORRI)
Commissioner of Public Lands, State of New Mexico New Mexico Oil & Gas Accounting Div. P.O. Box 2308 Santa Fe, New Mexico 87503 (B-4108)	.12500000 (RI)
Harlan Stead & Wife Dawn N. Stead 22712 Erwin Street Woodland Hills, California 91364	.02000000 (ORRI)
Texas Royalty Company P.O. Box 789 Houston, Texas 77001	.00126960 (ORRI) .00380860 (ORRI)
Newmont Oil Company Ninth Floor 600 Jefferson Ave. Houston, Texas 77002	.78710930 (W.I.)
TOTAL	<hr/> 1.00000000

DIVISION OF INTEREST
SCHEURICH "B" LEASE
SE/4 of NW/4, SEC. 32, R30E, T17S
NM B4108-35

<u>Interest Owner</u>	<u>Interest</u>
State of New Mexico New Mexico Oil & Gas Accounting Div. P.O. Box 2308 Sante Fe, New Mexico 87503 (B-4108)	0.125 (RI)
Fort Worth National Bank for the Account of Bert H. Murphy c/o Fort Worth National Bank Oil Loan Dept. Fort Worth, Texas 76102	0.0077929 (ORRI) 0.0025977 (ORRI)
Curtis McBroom P.O. Box 141 Granbury, Texas 76048	0.0103905 (ORRI)
Newmont Oil Company Ninth Floor 600 Jefferson Ave. Houston, Texas 77002	0.8476564 (W.I.)
Mary Rainey Randall 6642 26th St. North St. Petersburg, Florida 33702	0.0008203 (ORRI) 0.0002734 (ORRI)
Texas Royalty Company P.O. Box 789 Houston, Texas 77001	0.0041016 (ORRI) 0.0013672 (ORRI)
TOTAL	<hr/> 1.0000000

NEWMONT OIL COMPANY

600 JEFFERSON - NINTH FLOOR
HOUSTON, TEXAS 77002

October 17, 1980

TO ALL ROYALTY INTEREST OWNERS
Scheurich "A" Lease, NM B4108-13
and Scheurich "B" Lease, NM B4108-35,
Section 32, Range 30 East, Township 17 South
Eddy County, New Mexico

ADDRESS LIST ATTACHED

RE: Notification of Off-Lease Storage

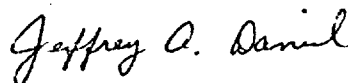
Newmont Oil Company, as operator and 100% Working Interest Owner of the Scheurich "A" and "B" Leases, has applied to the New Mexico Oil Conservation Commission for approval to transport and store production from the Scheurich "B" Lease on the Scheurich "A" Lease. In reference to the September 2, 1980 notification of intent to commingle production from these leases, Newmont has withdrawn the application for permission to commingle production.

According to Commission Rule 309-C, it is Newmont's obligation to notify all parties owning an interest in the leases of Newmont's plan for off-lease storage. The Secretary-Director may approve the application if, after a period of 20 days following receipt of the application, no party has made objection to the application.

Newmont plans to lay a flowline from the Scheurich "B" Lease to the tank battery located on the Scheurich "A" Lease (Attachment 1). Attachment 2 is a schematic diagram of the proposed production facilities. Production from each lease will produce into separate stock tanks to be gauged and sold separately. A valve will allow each tank to produce into the sales line without inter-communication. Sales oil will be transported to Arco Petroleum Products Company via pipeline operated by Texas-New Mexico Pipeline Company.

Your waiver of objection to Newmont's application will be greatly appreciated.

Yours very truly,



Jeffrey A. Daniel

JAD/KEB:tjm

Attachments (2)

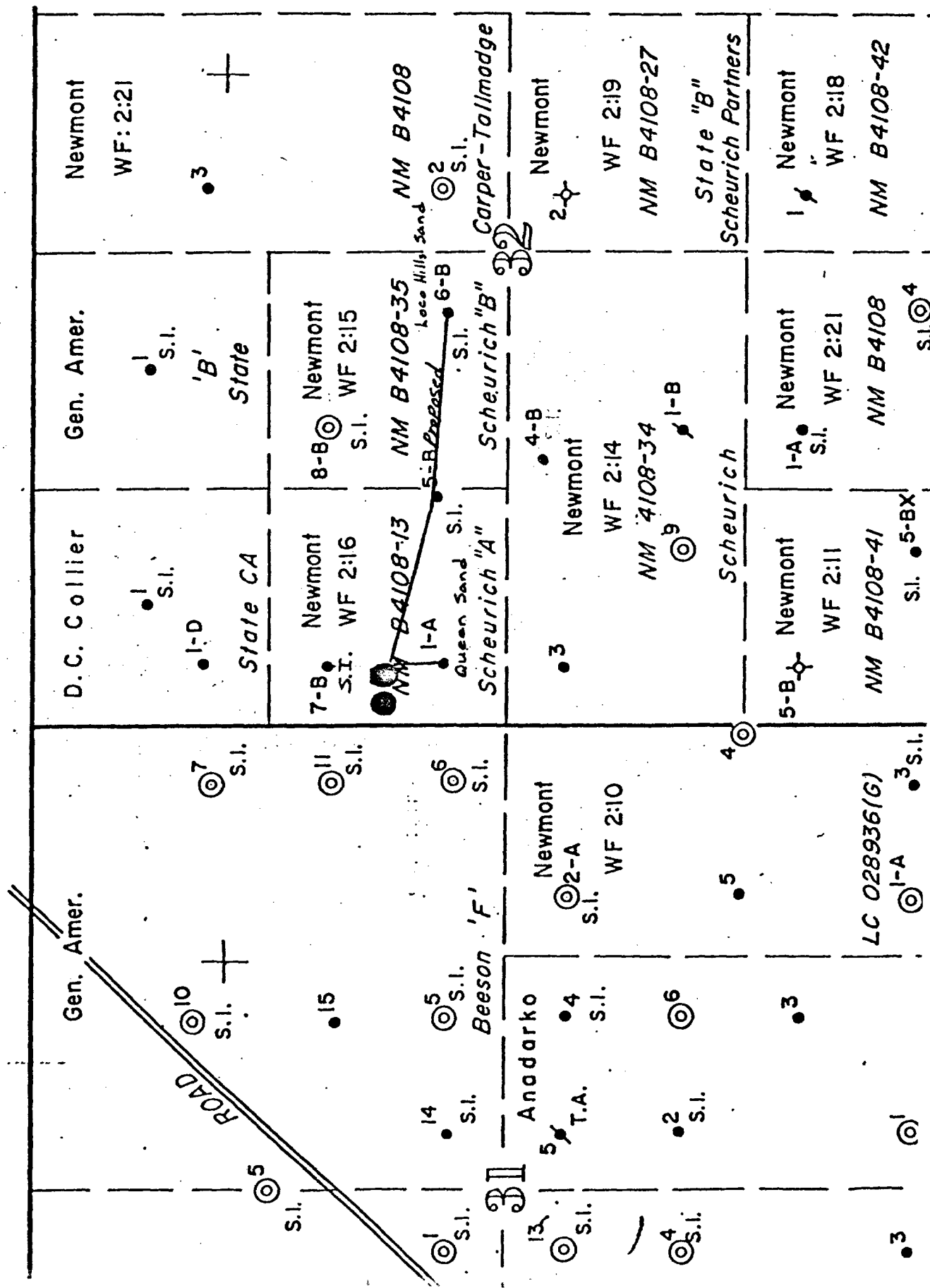
xc: John A. Fagin
Joe McGonagill
David Lawrence

DIVISION OF INTEREST
SCHEURICH "A" LEASE
SW/4 of NW/4, SEC. 32, R30E, T17S
NM B4108-13

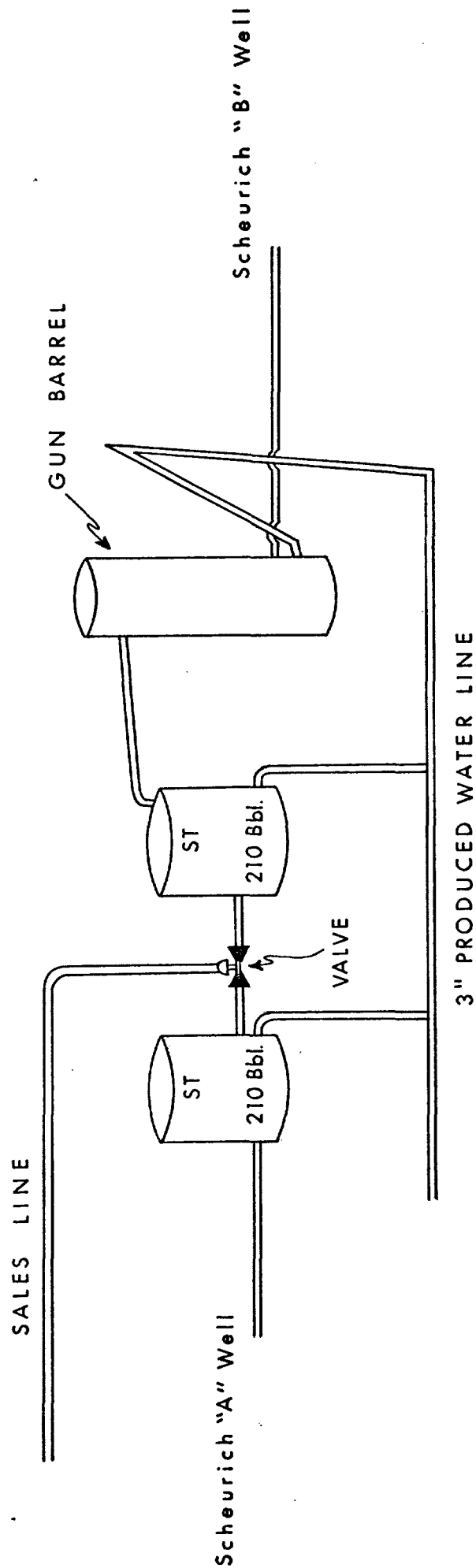
<u>Interest Owner</u>	<u>Interest</u>
The Fort Worth National Bank for the Account of Bert H. Murphy c/o Fort Worth National Bank Oil Loan Department Fort Worth, Texas 76102	.00241210 (ORRI) .00723640 (ORRI)
Curtis McBroom P.O. Box 141 Granbury, Texas 76048	.00964840 (ORRI)
Mary Rainey Randall 6642 26th St. North St. Petersburg, Florida 33702	.00025390 (ORRI) .00076170 (ORRI)
Vada Spurck (Address Unknown)	.04250000 (ORRI)
Commissioner of Public Lands, State of New Mexico New Mexico Oil & Gas Accounting Div. P.O. Box 2308 Santa Fe, New Mexico 87503 (B-4108)	.12500000 (RI)
Harlan Stead & Wife Dawn N. Stead 22712 Erwin Street Woodland Hills, California 91364	.02000000 (ORRI)
Texas Royalty Company P.O. Box 789 Houston, Texas 77001	.00126960 (ORRI) .00380860 (ORRI)
Newmont Oil Company Ninth Floor 600 Jefferson Ave. Houston, Texas 77002	.78710930 (W.I.)
TOTAL	<hr/> 1.00000000

DIVISION OF INTEREST
SCHEURICH "B" LEASE
SE/4 of NW/4, SEC. 32, R30E, T17S
NM B4108-35

<u>Interest Owner</u>	<u>Interest</u>
State of New Mexico New Mexico Oil & Gas Accounting Div. P.O. Box 2308 Sante Fe, New Mexico 87503 (B-4108)	0.125 (RI)
Fort Worth National Bank for the Account of Bert H. Murphy c/o Fort Worth National Bank Oil Loan Dept. Fort Worth, Texas 76102	0.0077929 (ORRI) 0.0025977 (ORRI)
Curtis McBroom P.O. Box 141 Granbury, Texas 76048	0.0103905 (ORRI)
Newmont Oil Company Ninth Floor 600 Jefferson Ave. Houston, Texas 77002	0.8476564 (W.I.)
Mary Rainey Randall 6642 26th St. North St. Petersburg, Florida 33702	0.0008203 (ORRI) 0.0002734 (ORRI)
Texas Royalty Company P.O. Box 789 Houston, Texas 77001	0.0041016 (ORRI) 0.0013672 (ORRI)
TOTAL	<hr/> 1.0000000



SCHEMATIC
PRODUCTION FACILITIES
Scheurich "A" & "B"



NEWMONT OIL COMPANY

600 JEFFERSON - NINTH FLOOR
HOUSTON, TEXAS 77002

October 17, 1980

Arco Petroleum Products Company
7014 IPB
P.O. Box 2819
Dallas, Texas 75221

Attention: Robert Lee

Re: Notification of Off-Lease Storage
Scheurich "A" & "B" Leases, Arco
Lease Nos. 094-507-7320-38-00 and
0009450811409, Loco Hills Field,
Eddy County, New Mexico

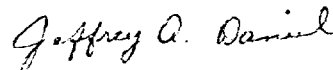
Dear Sir:

In reference to previous correspondence concerning the subject matter (letter dated September 2, 1980), Newmont Oil Company wishes to notify Arco, as purchaser, that Newmont has withdrawn its application for permission to commingle production from the Scheurich "A" & "B" Leases. Newmont has now made application for an exception to Rule 309-A to allow transportation and storage of production from the Scheurich "B" Lease on the Scheurich "A" Lease. Rule 309-C provides for off-lease storage of production. According to Commission Rule 309-C, the Secretary-Director may approve the application if, after a period of 20 days following receipt of the application, no objection to the application has been filed by the purchaser or any party owning an interest in either lease.

Attachment 1 illustrates the proposed flowline from Scheurich "B" Well No. 6 to the active storage facilities on the Scheurich "A" Lease. Attachment 2 illustrates the proposed production facilities. Production from the B-6 well will be routed through the gun barrel and into one storage tank, while production from the A-1 well will go directly into the other storage tank, with no intercommunication prior to gauging the stock tanks.

Your waiver of objection to Newmont's application will be greatly appreciated.

Yours very truly,



Jeffrey A. Daniel

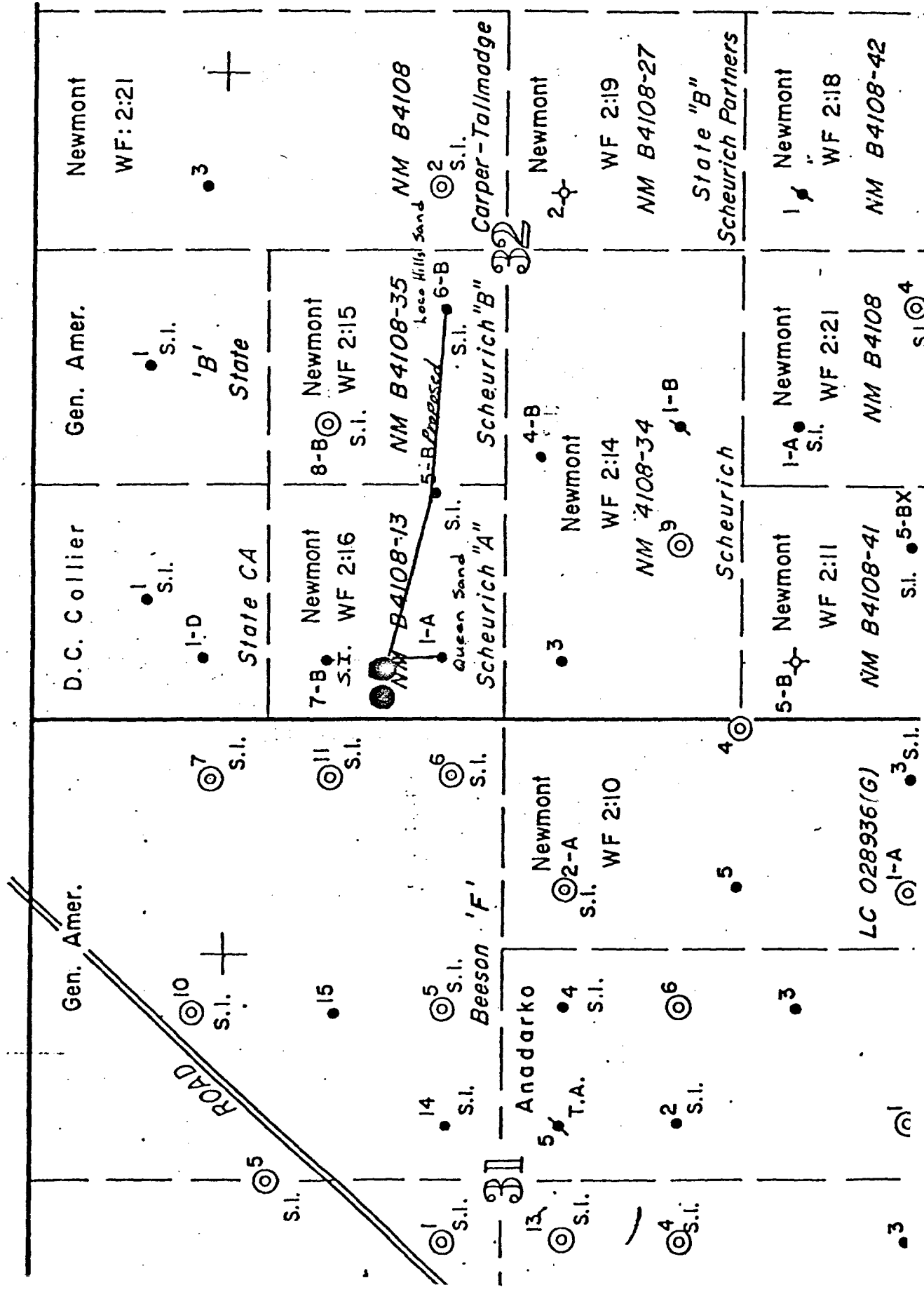
JAD/KEB:tjm

Attachments (2)

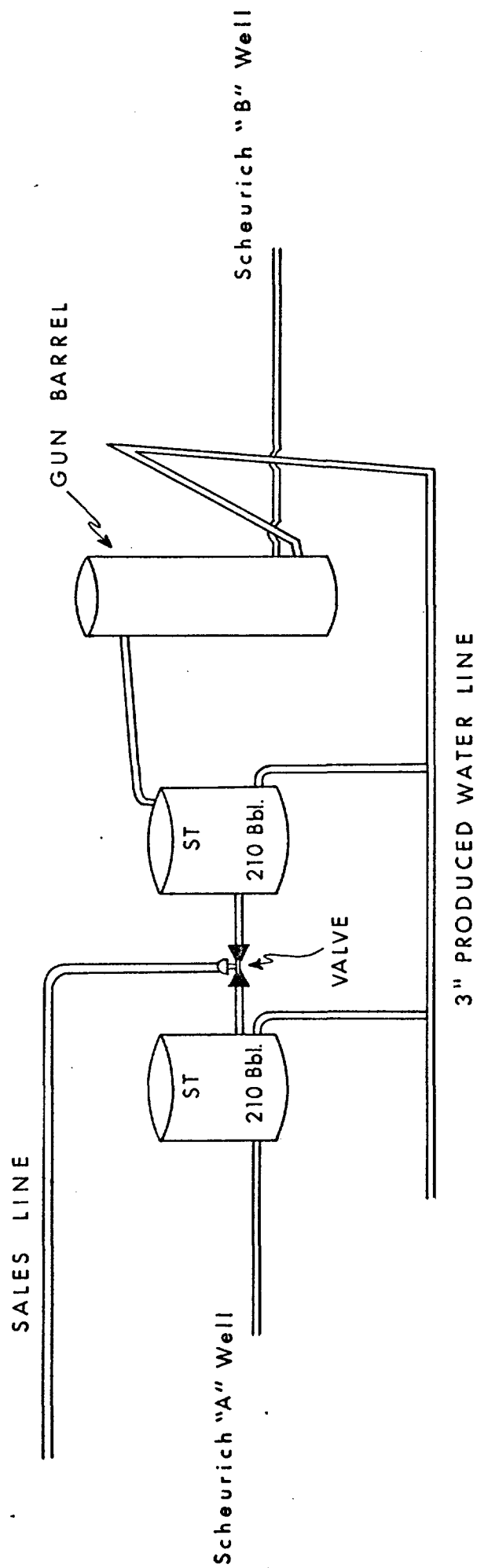
xc: John A. Fagin
Joe McGonagill
David Lawrence

R 30 E

ATTACHMENT 1



SCHEMATIC
PRODUCTION FACILITIES
Scheurich "A" & "B"



STREET AND NO. *C. O. Box 7890*

P.O., STATE AND ZIP CODE *Houston, Texas 77001*

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		50¢

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO *Mary Roney Rondall*

STREET AND NO. *6042 26th St. North*

P.O., STATE AND ZIP CODE *St. Petersburg, Florida 33702*

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		50¢

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO *Curtis Mc Broom*

STREET AND NO. *C. O. Box 141*

P.O., STATE AND ZIP CODE *Ironburg, Texas 76048*

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		50¢

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO *Harlan Stead & Wife Owen Stead*

STREET AND NO. *22712 Erwin Street*

P.O., STATE AND ZIP CODE *Woodland Hills, Calif 91364*

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		50¢

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO *Commercial of Lubbock Texas*

STREET AND NO. *C. O. Box 2308*

P.O., STATE AND ZIP CODE *Lubbock, Texas 79403*

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		50¢

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

No. 963025

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO *The Fort Worth National Bank for the Oil Loan Department*

STREET AND NO. *c/o Fort Worth Nat'l Bank*

P.O., STATE AND ZIP CODE *Fort Worth, Texas 76102*

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15¢
	2. Shows to whom, date and where delivered With delivery to addressee only	35¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		50¢

PS Form 3800 NO INSURANCE COVERAGE PROVIDED— (See other side)
Apr. 1971 NOT FOR INTERNATIONAL MAIL * GPO : 1972 O - 460-743

No. 963028

No. 963029