

OK Jan 7, 1958

SCHERMERHORN OIL CORPORATION

P. O. BOX 1537
HOBBS, NEW MEXICO

November 26, 1957

Oil Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Schermerhorn Oil Corporation
For Temporary Exception to the Provisions of
Rule 9 of Orders R-520 and R-586 and Rule 13
of Order R-610 as Amended, Pertaining to
Cancellation of Unproduced Gas Allowables in
the Eumont Gas Pool, Lea County, New Mexico.

Gentlemen:

Schermerhorn Oil Corporation herewith makes application for temporary exception to the provisions of Rule 9 of Orders R-520 and R-586 as amended and to Rule 13 of Order R-610 as amended, for a period of six months from January 1, 1958, insofar as said rules require cancellation of unproduced allowables accumulated prior to July 1, 1957. The following facts are offered in support of this application:

- (1) The Schermerhorn Oil Corporation gas well which is producing from the defined limits of the above named gas pool is connected to the transmission system of Permian Basin Pipe Line Company.
- (2) During the past several months, Permian Basin Pipe Line Company has been unable to produce the full allowable assigned to the gas well to which it is connected for the reasons that development of acreage under contract to that company proceeded at a rate in excess of that which had been anticipated and that Permian's facilities for processing gas have not been adequate to handle the volume allowed. These factors resulted in an accumulation of gas allowable subject to cancellation January 1, 1958.

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- (3) Permian Basin Pipe Line Company by contract arrangement with another gas purchaser together with the expansion of processing facilities and installation of compressing equipment is now capable of taking in excess of current allowables and will be able to make up the under-production in the near future.
- (4) Applicant is asking that the requested exceptions to the applicable rules referred to above apply to the following Schermerhorn Oil Corporation owned and operated gas wells:

Eumont Pool

Gulf-State #1, SE SE Section 31, Twp. 18S,
Rge. 37E.

- (5) Unless the Commission grants the applicant's request, Schermerhorn Oil Corporation will be deprived of its proportionate share of the reserves underlying the Eumont Gas Pool.
- (6) The granting of the requested exceptions to the above reference rules will not result in waste but will protect correlative rights.

Respectfully submitted,

SCHERMERHORN OIL CORPORATION

By J. H. Moore
J. H. Moore

cj

cc: Oil Conservation Commission
State of New Mexico
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