

Case #1042

December 20, 1956

In reply refer to:  
Unit Division

Schermmerhorn Oil Corporation  
P. O. Box 1537  
Hobbs, New Mexico

Re: Linam "A" No. 1  
Communitization -  
Sec. 32-188-370

Attention: Mr. J. H. Moore

Gentlemen:

We are enclosing two copies of the above designated Communitization Agreement, which was approved by the Commissioner of Public Lands December 20, 1956.

It is our understanding that your 400-acre allowable was effective in September. We would like a letter from you as to the exact date you produced this well on a 400-acre allowable, as that is the date from which you owe us our share of royalty on this well.

We are enclosing Official Receipt No. D-135563 in the amount of \$5.00, which covers the filing fee.

Very truly yours,

E. S. WALKER  
Commissioner of Public Lands

ESM:MMR/m  
enc: 3

cc: OCC-Santa Fe  
OCC-Hobbs

RECEIVED 1956

**SCHERMERHORN OIL CORPORATION**

P. O. BOX 1537  
HOBBS, NEW MEXICO

*Case 1042  
order P-803*

RECEIVED 1956

December 3, 1956

*P-803*

Mr. Jack Cooley  
Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: Linam "A" Gas Unit  
Eumont Gas Pool

Dear Sir:

Enclosed is a copy of executed Communitization Agreement covering above captioned gas unit.

We regret that such a long time was required to get the actual Communitization Agreement executed by all of the working interest owners, however, the operator of this unit did have written consent from the several lease owners on the communitization at the time application was made for this 400 acre unit.

Yours very truly,

SCHERMERHORN OIL CORPORATION

By

*J. H. Moore*  
J. H. Moore

cj

Encl

## COMMUNITIZATION AGREEMENT

THIS AGREEMENT, made and entered into this 2nd day of November, 1956, by and between Schermerhorn Oil Corporation, whose address is Post Office Box 287, Tulsa, Oklahoma, (hereinafter referred to as "Schermerhorn"), Kenwood Oil Company, whose address is Post Office Box 287, Tulsa, Oklahoma, (hereinafter referred to as "Kenwood"), Gordon M. Cone, whose address is Post Office Box 597, Lovington, New Mexico, (hereinafter referred to as "Cone"), and Humble Oil & Refining Company, whose address is Post Office Box 2180, Houston, Texas, (hereinafter referred to as "Humble"),

### W I T N E S S E T H :

WHEREAS, the parties hereto desire to communitize and pool their respective interests in lands subject to this Agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this Agreement; and,

WHEREAS, in order to be consistent with existing rules and regulations covering well spacing and production allowables, the parties hereto desire to form a non-standard gas proration unit and to operate the entire communitized tract as an entirety; and,

WHEREAS, the Oil Conservation Commission of the State of New Mexico in Case No. 1042 by its Order No. R-803 issued on May 16, 1956, has heretofore approved a gas proration unit for the hereinafter described acreage and granted Schermerhorn an allowable for its Linam "A" No. 1 well, located in the Northwest Quarter of the Southeast Quarter (NW/4 SE/4) of Section 32, Township 18 South, Range 37 East in the proportion that the 400 acre unit bears to the standard proration unit for the Bumont Gas Pool.

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties as follows:

1. The lands covered by this Agreement (hereinafter referred to as "Communitized Area") are described as follows:

The Northeast Quarter (NE/4) and the Southeast Quarter of the Southeast Quarter (SE/4 SE/4) and the North Half of the Southeast Quarter (N/2 SE/4) and the East Half of the Northwest Quarter (E/2 NW/4) and the Northwest Quarter of the Northwest Quarter (NW/4 NW/4), All in Section 32, Township 18 South, Range 37 East, N.M.P.M., Lea County, New Mexico, containing 400 acres, more or less, in the Eumont Gas Pool.

2. Attached hereto and made a part of this Agreement, for all purposes, is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the Communitized Area.

3. The land subject to this Agreement as to all underlying formations within the vertical limits of the Eumont Gas Pool as defined by the New Mexico Oil Conservation Commission shall be developed and operated for dry gas and associated liquid hydrocarbons as an entirety and all dry gas and associated liquid hydrocarbons produced therefrom shall be allocated among the leaseholds comprising said acreage in the proportion that the acreage interest in each leasehold bears to the entire acreage interest committed to this Agreement. Each working interest owner shall be responsible for the payment of all royalties and overriding royalties and obligations payable out of production, if any, on account of the allocation of dry gas and associated liquid hydrocarbons to the respective leasehold interests as above provided.

4. Schermerhorn is hereby designated as the unit operator of said communitized area and as such shall have full power and authority to operate said communitized area subject to limitations contained in the operating agreement entered into between the parties hereto simultaneously herewith, and said operating agreement shall govern the accounting by the parties hereto with respect to the payment for the cost of the Linam "A" No. 1 well referred to hereinabove, and the operation thereof. There shall

with allocations, allotments and quotas made and fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. The provisions of this Agreement shall be subject to all applicable Federal or State statutes or executive orders, rules and regulations which affect performance of any of the provisions of this Agreement, and Schermmerhorn shall not suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by, or if such failure results from, compliance with any such law, rule, regulation or order.

7. Notwithstanding the date of execution of this Agreement of the parties hereto, the same shall be effective as of the date said unit well was assigned a 400 acre gas allowable of the New Mexico Oil Conservation Commission, and shall remain in full force and effect for a period of two years and so long thereafter as dry gas and associated liquid hydrocarbons are produced from the vertical limits of the Essent Gas Pool from any part of said Communitized Area; provided, that upon fulfillment of all requirements of the Oil Conservation Commission of the State of New Mexico, with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by the mutual agreement of the parties hereto.

8. This Agreement shall be binding upon the parties and shall extend to and be binding upon their heirs, executors, successors, administrators and assigns.

9. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Date: 11-2-56

Attest: J. Hargrave  
A 557. Secretary

SCHERMERHORN OIL CORPORATION

By E. Schermmerhorn  
President

Date: 11-2-56

Attest: E. Schermmerhorn  
Secretary

KENWOOD OIL COMPANY

By H. A. Sherman  
President

Date: November 30, 1956

Witness: Mary Stinchcomb

Date: November 30, 1956

Witness: Mary Stinchcomb

Date: 11-23-56

Witness: Wesley W. Hatch  
Assistant Secretary

Gordon W. Cone  
Gordon W. Cone

Kathleen Cone  
Kathleen Cone

MOBILE OIL & REFINING COMPANY

By E. J. Hansen  
DIRECTOR IN CHARGE  
EXPLORATION DEPARTMENT

APPROVED	
Law	<input checked="" type="checkbox"/>
Acctg	<input type="checkbox"/>
Prod	<input type="checkbox"/>
Expl	<input checked="" type="checkbox"/>

STATE OF OKLAHOMA }  
COUNTY OF TULSA } ss.

On this 2nd day of November, 1956, before me appeared E. J. Schumacher, to me personally known, who, being by me duly sworn, did say that he is the President of Schumacher Oil Corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said E. J. Schumacher acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my seal this the day and year last above written.

My commission expires  
10-20-57

Opal Grubel  
Notary Public

STATE OF OKLAHOMA }  
COUNTY OF TULSA } ss.

On this 2nd day of November, 1956, before me appeared H. A. Barnes, to me personally known, who, being by me duly sworn, did say that he is the President of Lanwood Oil Company, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said H. A. Barnes acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my seal this the day and year last above written.

My commission expires  
10-20-57

Opal Grubel  
Notary Public

STATE OF Kentucky }  
COUNTY OF Lee } ss.

On this 30 day of November, 1956, before me personally appeared Gordon W. Cane and Kathleen Cane, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My commission expires  
April 23, 1958

Mary Stinebaugh  
Notary Public

STATE OF TEXAS }  
COUNTY OF HARRIS } ss.

On this 23rd day of November, 1956, before me appeared ED. J. HAMNER, to me personally known, who, being by me duly sworn, did say that he is the DIRECTOR IN CHARGE of the EXPLORATION DEPARTMENT of Humble Oil & Refining Company, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said ED. J. HAMNER acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my seal this the day and year last above written.

My commission expires  
My Commission Expires June 1, 1957

Lilla Smith  
Notary Public LILLA SMITH

NOTARY PUBLIC IN AND FOR  
HARRIS COUNTY, TEXAS

ILLEGIBLE

IN WITNESS WHEREOF, I have hereunto set my seal this the  
day and year last above written.

My commission expires

Notary Public



Exhibit "A" to Communitization Agreement dated November 2, 1956, embracing the NE/4 and the SE/4 of the SE/4 and the N/2 of the SE/4 and the E/2 of the NW/4 and the NW/4 of the NW/4 of Section 32, Township 18 South, Range 37 East, Lea County, New Mexico.

Description of Oil and Gas Leases  
Committed to the Communitization Agreement

Tract No. 1

Description of Lands  
Committed: NE/4 NE/4 of Section 32-18S-37E

Number of Acres: 40

Date of Lease: November 22, 1928

Recorded: State Lease No. A-1320

Mineral Owner: State of New Mexico, by its Commissioner of Public Lands

Leasehold Owner: Humble Oil & Refining Company

Tract No. 2

Description of Lands  
Committed: NW/4 NW/4 and E/2 NW/4 and W/2 NE/4 of Section 32

Number of Acres: 200

Dates of Leases and  
Recording Data:

- (a) December 1, 1953, Book 113, Page 217
- (b) December 9, 1953, Book 113, Page 219
- (c) December 16, 1953, Book 113, Page 496
- (d) December 16, 1953, Book 113, Page 498
- (e) December 16, 1953, Book 113, Page 502
- (f) December 23, 1953, Book 113, Page 504
- (g) January 26, 1954, Book 114, Page 507
- (h) December 14, 1953, Book 114, Page 78
- (i) December 14, 1953, Book 114, Page 76

Mineral Owners:

- (a) Virgil Linam
- (b) F. M. Payton
- (c) Fred Daniels
- (d) Fred Lemon
- (e) C. T. Seale
- (f) Oliver E. Payne and Barbara Payne Cox
- (g) Charles E. Shipe, Mrs. R. E. Beasley, Mrs. R. W. Castle and Mrs. Wm. H. Chambers, II
- (h) Lura Flanagan
- (i) Margaret W. Faught Davis, Gordon M. Cone, J. Hiram Moore, Myrtle Pevehouse, Henry T. Moore, Mary B. Weir, Lawrence E. Flanigan, Leo F. Flanigan, Josephine J. Rowe, Grace Reed

Present Leasehold  
Ownership: Schermerhorn Oil Corporation, Kenwood Oil Company and Gordon M. Cone

Tract No. 3

Description of Lands  
Committed:

SE/4 NE/4 and N/2 SE/4 and SE/4 SE/4 of  
Section 32, Township 13 South, Range 37 East

Number of Acres:

160

Dates of Leases and  
Recording Data:

- (a) December 1, 1953, Book 113, Page 221 O&G
- (b) December 1, 1953, Book 113, Page 223, O&G
- (c) April 28, 1955, Book 98, Page 521, Misc.
- (d) January 29, 1948, Book 68, Page 425, O&G
- (e) November 10, 1947, Book 66, Page 214 O&G

Mineral Owners:

David S. Thorp, Sol Thorp, Dudley C. Thorp,  
Louis Thorp, Phillip Thorp, Sallie Thorp,  
Lola Mae Heizer, Bessie Dunnam, Ellen Hill,  
W. M. Hobson, Gordon M. Cone, Walter T.  
Linam, Virgil Linam, Lois R. Linam, Ruth  
Vandagriff, Albert E. Rogers, Sun Oil  
Company

Leasehold Owners:

Schermerhorn Oil Corporation, Kenwood Oil  
Company and Gordon M. Cone

Case #1042  
R-803

November 2, 1956

In reply refer to:  
Unit Division

Schermerhorn Oil Corp.  
P. O. Box 1537  
Hobbs, New Mexico

Re: Linam "A" No. 1  
Communitization -  
Section 32-18S-37E,  
Lea County, New Mexico

Attention: Mr. J. H. Moore

Gentlemen:

In reply to your letter dated October 30, 1956, in which you ask if the Commissioner of Public Lands has any objections to the inclusion of the NE/4 NE/4 of Section 32-18S-37E, which is contained in Humble Oil and Refining Co. Lease A-1320.

In answer, may we state that the New Mexico Oil Conservation Order No. R-803 was issued May 16, 1956, for your non-standard gas proration unit, but this order stated that your allowable would become effective after you had submitted proof of Communitization, which you have not done.

The Commissioner does not have any objections to the inclusion of this acreage in your non-standard proration unit. However, we do object to your using this 40-acre tract for a portion of your 400-acre allowable without first having communitized it, and we understand you have produced since September on this allowable, and Humble will owe this office royalty on this 40 acres from the time it was used to complete your allowable acreage.

We suggest that you submit this Communitization at the earliest possible time.

Very truly yours,

E. S. WALKER  
Commissioner of Public Lands

ESW:MMR/m

cc: OCC-Santa Fe  
OCC-Hobbs  
Humble Oil & Ref. Co.-Roswell

**SCHERMERHORN OIL CORPORATION**

MAIN OFFICE OCC

P. O. BOX 1537  
HOBBS, NEW MEXICO

*Case # 1042*

1956 APR 9 AM 8:23

April 5, 1956

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

Re: Proposed Gas Unit  
Sec. 32, Twp. 18S, Rge. 37E  
Lea County, New Mexico

Attention: Mr. Warren Mankin

Gentlemen:

Enclosed is original letter from Permian Basin Pipe Line Company to Schermerhorn Oil Corporation which estimates the amount of liquid made by our Linam "A" well during eight producing days in March 1956. I hope that this letter is sufficient answer to the question asked at the recent hearing concerning the liquid production of this well.

Also enclosed is the original letter from Humble Oil and Refining Company to us which was submitted as Exhibit #3 at the hearing.

Yours very truly,

SCHERMERHORN OIL CORPORATION

By *William S. Marshall*  
William S. Marshall

cj

Encls

PERMIAN BASIN PIPELINE COMPANY  
MAIN OFFICE OCC

2223 DODGE STREET

1956 APR 9 AM 8:23 OMAHA 1, NEBRASKA

Hobbs, New Mexico  
March 29, 1956

Mr. J. H. Moore  
Schermmerhorn Oil Corporation  
Box 1537  
Hobbs, New Mexico

Dear Sir:

Re: Linam "A" # 1 - NW NE 32-18-37

In reply to your request for the volume of gas produced and the amount of fluid blown from the meter-run drip during the month of March 1956, I am listing below the estimated volumes of both.

The well produced eight (8) days during the month, from March 20 to the 28th., during which the well produced 14,580 MCF of gas with the following fluid.

5 Bbls. of Water  
2 Bbls. of B.S.  
3 Bbls. of Oil.

Thank you very much, I remain

Very truly yours,

  
Wayne J. Brown

WJB:jdc  
cc; file

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 22, 1956

Mr. William S. Marshall  
Schermmerhorn Oil Corporation  
P.O. Box 1537  
Hobbs, New Mexico

Dear Sir:

We enclose a copy of Order R-803 issued May 16, 1956, by the Oil Conservation Commission in Case 1042, which was heard on March 28th in Hobbs.

Very truly yours,

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

ALP:brp  
Encl.

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**SCHERMERHORN OIL CORPORATION**

P. O. BOX 1537

**HOBBS, NEW MEXICO**

February 20, 1956

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

Re: Amended Request for Enlargement of  
Non-standard Proration Gas Unit  
Schermershorn Oil Corp., Linam "A" Unit  
Lea County, New Mexico

Attention: Mr. W. B. Macey  
Secretary-Director

Gentlemen:

By letter dated February 14, 1956, application was made for enlargement of the above captioned gas unit. Since this enlargement can not be made by Administrative Order, will you please set a hearing for this case before the examiner in Hobbs, New Mexico. We ask that the hearing be set as soon as possible to conform with your schedule of hearings.

We further ask that the legal description of acreage to be included in the enlarged unit be amended to cover the following: SE SE, N/2 SE, NE/4, E/2 NW and NW NW of Section 32, Twp. 18S, Rge. 37E, Lea County, New Mexico, containing 400 acres.

An amended plat is enclosed to show the proposed unit. Copies of this letter and the amended plat are being mailed to all of the offset lease operators as shown below.

Yours very truly,

SCHERMERHORN OIL CORPORATION

By J. H. Moore  
J. H. Moore

cj  
Encl

cc: Humble Oil Company  
P. O. Box 2347  
Hobbs, New Mexico  
  
Mr. Ralph Lowe  
Midland Tower Bldg.  
Midland, Texas

Continental Oil Company  
P. O. Box 427  
Hobbs, New Mexico  
  
Mr. M. Antweil  
P. O. Box 1058  
Hobbs, New Mexico

Mr. Gordon M. Cone  
P. O. Box 597  
Lovington, New Mexico