

SCHERMERHORN OIL CORPORATION

P. O. BOX 1537
HOBBS, NEW MEXICO
XXXXXXXXXXXX

P. O. Box 1537
Hobbs, New Mexico
August 27, 1954

New Mexico Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico

Gentlemen:

Attached are copies of Form C-101 for notice of intention to drill Schermerhorn Oil Corporation Huston Unit No. 1, a proposed Queen gas well in the Eumont Pool, Lea County, New Mexico.

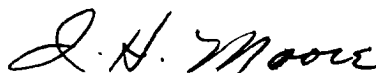
In order to comply with spacing so that a proposed gas unit might be formed, comprising the S $\frac{1}{2}$ of Section 21-19S-37E, the original intention of the operator was to stake this location at a point located 1980 feet from the West Line and 1650 feet from the South Line of Section 21. This location was at a point directly over a ten inch gas gathering line which traverses this tract. As it would not be possible to drill the location at this point it was moved to a point 1830 feet from the West Line and 1650 feet from the South Line of this section.

Because of the obstacle which prevented a regular 1980 foot location we requested Mr. Stanley, Engineer with the New Mexico Oil Conservation Commission to inspect the originally proposed location on the ground to confirm that it was not feasible to locate the well at the regular 1980 foot point.

We ask that you please give this matter your consideration and allow the revised location to be a regular 1980 foot location, which might be required in order to form a 320 acre gas unit.

Yours very truly,

SCHERMERHORN OIL CORPORATION



J. H. Moore, Geologist

JHM:ew
Enclosures