

CASE 4311: Application of C. E.
LONG FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

CASE 4311: Application of C. E.
LONG FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

Case Number

4311

Application
Transcripts.

Small Exhibits

ETC.

dearnley-meier reporting services, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 25, 1970

EXAMINER HEARING

IN THE MATTER OF:)

Application of C. E. Long for)
compulsory pooling, Lea County,)
New Mexico.)

Case No. 4311

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 4311.

MR. HATCH: Case 4311. Application of C. E. Long for compulsory pooling, Lea County, New Mexico.

Mr. Long, do you have just one exhibit of each?

MR. LONG: Several copies.

MR. HATCH: You can go ahead and sit down. Mr. Long is going to represent himself.

(Witness sworn).

(Whereupon, Applicant's Exhibits 1 through 7 were marked for identification).

MR. HATCH: Go ahead and identify yourself for the record.

MR. LONG: I am C. E. Long from Midland, Texas. I have operated in New Mexico for myself for about twelve years; worked in the West Texas-New Mexico area for about twenty-two years for major companies and myself. I have Exhibits One through Seven, four copies of each. Do you need those? I don't need them, except I need one.

MR. HATCH: All right.

C. E. LONG

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

MR. LONG: Exhibit One is acreage plat with my

acreage outlined in -- the subject acreage outlined in red and the first proposed location circled in red.

Exhibit Two is my letter of October 8, '69, to Cities Service Oil Company requesting a lease. Exhibit Three is their answer of October 10, '69, refusing to lease.

The next exhibit, Number Four, is my letter of January 26, following conferences with Cities Service changing my proposal and bringing them up to date as to the situation with regard to my leasing activities of other mineral interests.

Exhibit Five is their letter of January 30, still refusing and not proposing any counter deals -- still refusing to lease. Excuse me.

MR. HATCH: This is Number Five, isn't it?

MR. LONG: Yes, sir. Exhibit Six is a list of mineral owners under the subject 80 acres with a notation of the ones that are leased.

Exhibit Seven is a sheet of production statistics from well histories surrounding this tract. My purpose here, in order to gain my objectives stated in the application are to -- my purposes are to force-pool Cities Service which has one-sixth of the mineral interest and

in the process, I hope to show that I have tried to lease the mineral interest -- or the exhibits show that -- that Cities Service owns and that the wells I plan to re-enter and/or drill will complete as oil and/or gas wells from either the Yates, Seven-Rivers or Queen Formations and that maximum risk allowance is justified in the case because of several factors peculiar to this situation.

I believe that my letter has established that I have tried to lease from Cities Service and their answers establish that they have refused.

In addition, there have been several conversations in which I invited them to counter propose and they said they would if they wanted to do anything at all and in which their representative, Mr. Rhiney, said that they didn't want to do anything at all; that they didn't want a working interest, that they didn't want a lease and the history of this is that has been the case before because others, to my knowledge, have tried to lease it and tried to re-enter to establish production here again.

The lease being surrounded by production is the reason for its attractiveness. I don't know why Cities Service has refused, but they have. Now, as to the

possibility of oil and gas production.

I believe that the first exhibit, the land plat showing the location of the wells and the acreage and the last exhibit, the production statistics, show that oil and gas are still being made in appreciable quantities from leases surrounding this 80 acres.

Therefore, the sands that produce these petroleum products are present across this lease. The well that I plan to re-enter, the old Late Oil Company Number Two Rector, Unit "H" of that section was drilled in the early 50's and has seven-inch casing set in it with a DD2 that prevented it being pulled when the lease was abandoned a few years ago by Late Oil Company.

There are the required plugs in that hole, cement plugs, and at the bottom in open hole there is about forty feet of lead-wool and cement mixed.

My initial thought was to drill out these plugs and that lead-wool problem frightened me a little and I want to establish dry gas production, if possible, so it seemed that this first well, this re-entry would be the best place to do it since it's closest to the dry gas production coming from two locations north of this old well on the Texaco

Rector Lease and coming from Cities Service Number Three D State a mile east and from the C. E. Long Number Two Pech State about a half mile southeast and from Conoco Number Four B31 just over half mile south.

Production statistics show these wells to be -- these gas wells to be very good, some of them to this day. My Number Two Pech State is on the allowable for 80 acres and sometimes they take up to thirteen million per month from it when they need the gas and when I have the allowable.

The Cities Service Number Three D makes up to about twenty-five million in some months almost currently. I don't know what the last month was and the Conoco B31 Number Four makes appreciable gas also.

The area is typified by tight sands and gas production comes from numerous stringers and blanket sands, too. I doubt that any geologist knows for certain the connection between the sands because of my experience in the area over the past fifteen years. I have devoted most of my time to about three or four square miles in the immediate area in studying it and the sands still baffle me; but, gas comes from those sands, surprisingly.

I think it's there, if I can get it. Now, my

claim for 150 percent cost would prorate the part of any working interest operators I have to pay, is based on the condition of that old Number Two Rector of Late Oil Company. I realize there is somewhat of a hazard to go in there and try to complete it, but I believe that I will have a hard time until I do establish production there in justifying a new well.

Late had a lot of trouble that I can't detail here. It's too long and I don't know all of it, although I have talked to their representatives at length. I believe that they established communication behind the pipe in the pay section.

I am going to have to either do as I have in a diagonal offset of that well. Once I cut a pancake notch with an abrasive jet perforation and succeeded in injecting on a fract treatment at a rate higher than I have been able to do in that area, before and at about seven hundred pounds less pressure.

I got a well just above water with no water and it's still producing, still flowing. That may have been luck, so I'll hope for some more of the same but I can't bet on it.

I think the risk is very high. Now, the sand that I propose to perforate for this gas in my initial effort is between -- it's the Yates Sand, excuse me. It's the Yates Sand; it's between depths of approximately 3260 and 3380; fairly continuous sand body with some separations.

I expect, after talking with Schlumberger people about the sand and what they think should be done, I expect to either cut one or two pancake notches, not a 360 degree notch in this case, as I did before, but only about three-quarters of that amount so I will have continuous casing to -- in case it is having trouble it wouldn't break off and possibly do two separate fractures, although I hope to get by with one after using a spearhead of acid.

I haven't prepared an A. F. E. for formal presentation here, but I should have one ready for Cities Service or anyone else who might be in this with me within a short time.

It appears that I can re-enter and establish production and deliver to the pipe line for less than thirty thousand dollars; that's gas production, but all of the gas pays in the area and all of the oil pays in the area are represented by good sand bodies in this well and

I don't wish to limit myself to the proposal that I will do only this in going into it.

I would like to do some other things if this first fails. If after the first well is completed successfully and for an appreciable amount of oil and/or gas, the Commission sees fit to rule on this favorably to me, I expect to -- if the well is -- first well is good enough to drill a new well on the second forty acres, the west forty acres.

If it isn't good enough, I will probably re-enter one of the two holes that did produce there. Another factor in the history, that I would like to bring up here briefly, is that through some unknown -- through some factor unknown to me, Late Oil Company produced this 80 acres on a gas allowable for 60 acres when it first came in in about '54.

They explained to me in their way that Texaco had agreed to unitize the north half of that northeast quarter with them for gas production and that was in pretty much boom days and I have an idea that numerous administrative changes of minds and so forth occurred there and they produced at a pretty high rate of gas production for a long time; it was a tremendous well.

That was the Number One on the west 40 of this 80 and then Texaco decided, no, they wouldn't join and eventually or right then -- I don't know what the sequence was -- but the Commission shut them in and they put a padlock and chain, I believe. I believe I remember seeing that and the man with Late told me they did and said don't open this anymore until your allowable catches up with the production.

Now, they told me that when they went back after the Commission permitted them to continue producing some five years, I believe -- I'm not sure; it was a long time -- and I'm not excoriating anyone because I think the Commission is one hundred percent right and I was in the area and I was being drained a little bit and I felt conscious about it and I didn't say anything. Anyhow --

MR. UTZ: Probably wrong to let them have the 160 in the first place.

MR. LONG: Yes, sir. I said that was in boom days and I don't imagine the Commission had the people to be able to see everything. I know it required an awful lot of watchdog work if someone got started on something like that and I can see how it happened, but it apparently did and when they went back to open it up it wouldn't do

anything and they never did get production back.

They told me they swabbed and swabbed and swabbed and tried this and that and the other and that water encroached.

Well, I don't know whether water encroached through the gas sand; I doubt that, really. I imagine that they had -- finally communication was established from some water sand behind the pipe and it encroached; I don't know. I don't think anyone can know, but that's one of the other risks and the only reason I brought it up was to illustrate that I am facing a fairly high risk situation here in a lease that is surrounded by production, either in re-entering an old hole, which has some advantages and some known disadvantages and some unknown or in drilling a new well.

DIRECT EXAMINATION

BY MR. UTZ:

Q This is your argument for asking for 150 percent from them?

A Yes, sir, in approved area.

Q Does that conclude your --

A Yes, sir. I could talk on, but I think I would be wasting your time.

Q Oh, I don't know. It's been pretty interesting.

A This is an interesting area. There are so many sands. I don't like to divulge some of the things I know about it that I have found out because I am profiting by it and some of my neighbors aren't. I don't know how long it will last.

Q It's your intention to go into the Number Two first --

A Yes, sir.

Q -- to try to complete it?

A Yes, sir.

Q And if you get a good well there, one that would produce an 80-acre allowable, then that would end the project; is that correct?

A No, sir. That would end the gas search, but eventually I would go in and make oil wells and try to get pay from both the Jalmat and the South Eumont and the South Eunice.

The only Jalmat oil producer in that area until recently and I understand now that Conoco has some Jalmat wells producing there just recently reworked, the only one that was producing from Jalmat oil pay was my Number One Pech State.

It's the sort of a freak. That gets into some

of the things I was talking about.

Q That's in Section 32?

A Yes, sir. It's diagonally southeast from the proposed re-entry, so when I go in there I am not sure I will get gas; given a successful completion, I may get gas or I may get oil or I may get a high gas/oil ratio oil well.

It's right on the line where the Jalmat oil production feathers out and it becomes South Eunice and where the Eumont and the Jalmat gas fields overlap each other and you will find in there, for instance, Gulf producing their Number One Janda from Eumont and right directly offsetting it to the west I am producing my Number Two Pech State from the Jalmat gas field -- gas pool and other such unusual low situations, so I have got a lot of sands to look at and a lot of work to do and a great deal of uncertainty.

Q I'm a little bit at a loss as to how you are going to complete in the Eumont when the Jalmat is within 40 acres of this area. The Eumont and Jalmat don't horizontally overlap here, do they?

A I am not sure about the Eumont, but the Jalmat oil and the South Eunice oil overlap. Yes, sir, that's where they just barely overlap and I have somewhat freakish Jalmat oil well in my Number One Pech State.

Right north of it in the same 40 acres I have the Number Three Pech State producing from the Seven-Rivers or South Unice oil pool.

Q Your gas completion then would then be Eumont gas?

A Yes, sir, if it comes out as projected. Now, if I went on down and finally got production from the -- gas production from the same pay as my Number Two Peck State, it will be Jalmat gas because it's Seven-Rivers; it's a lower hundred feet to the Seven-Rivers is where that Number Two is producing to get dry gas and the ratio is way high; has been for all the years I have been producing.

To begin with, when I first came into this area, I discussed in Hobbs, at some length with Montgomery, who was then the district man and his geologist -- I have forgotten his name -- about a correlation problem in there.

They have correlation lines running east and west every mile or so and I found that we couldn't tie the line running east-west with the line -- north of my lease with the line running east-west south of it.

There was a miscorrelation and we worked on that for weeks. I would come back up to Hobbs and we would talk a while and I would go back and finally I won their opinion

over to my way of thinking and that is what enabled me to drill the second well on the west 40 acres of my Pech State lease and that brought up details that they, I'm sure, hadn't had time to get to that I had been working on intimately for years that revealed some of these aberrations from the usual.

Q Your Pech State is producing from what pool?

A The Pech State is producing from the Jalmat oil pool and the South Eunice oil pool and the Jalmat gas. I expect to change the gas production there to Eumont gas before long, pressures declining as they are because there are many sands above my perforations that have not been perforated or producing in the offset wells that Gulf operates; the Number One Janda B.

Q I don't think we ought to clear up the record here on this thing, as far as these pools are concerned, but if you are not going to be in a hurry to go home, I would like to have a little conference with you in there and try to figure this out because I don't see how you can get Jalmat and Eumont gas both in the same area.

A I'll show you. I hope I will. I don't want to get shut in by my own confessions here, but in Hobbs, they know what I am doing.

Q Now, this case is to force-pool Cities Service's one-sixth interest?

A Yes, sir.

Q In the entire 180; is that right?

A I have all the other leases signed.

Q It's an undivided interest?

A Yes, sir, and there are a total of thirty-seven mineral owners there in that 80 acres.

Q Now, this .25 up to 13 decimals here that you mentioned in your application here is that this interest, one-sixth interest?

A No, sir. Wait a minute. One-sixth would be .16.

Q Yes.

A Did I inadvertently put that?

Q I was wondering if that was accurate enough, that 13 decimals there.

A The reason I did that, I was copying from a sheet of ownership and interests put out to me by the old Western Oil and Royalty Company in San Angelo and they had them out that far and I just copied it off.

Q You mentioned here that it is an undivided, unleased .25. So, on mineral interest under the south half

of the northeast of Section 31, that isn't the one-sixth you are talking about?

A At the time of the application there were three parties holding out, one old, old lady who had about one-hundredth of one percent.

Q This was an interest you are speaking of here other than the one-sixth?

A Yes, sir. I have obtained a lease from them and from Foster Petroleum.

Q You have leased it now?

A Yes, sir. I have Foster Petroleum and Mrs. Wimberly in hand and Cities Service is the only hold-out.

MR. UTZ: Are there other questions of the witness?

MR. HATCH: I don't think Mr. Long has testified any as to the probable cost of the well --

THE WITNESS: Right.

MR. HATCH: -- either an oil well or gas well.

Q (By Mr. Utz) You would force-pool this for oil or gas down to the base of the Seven-Rivers?

A Yes, sir.

Q We had better have some estimates from you as to what the operation --

A As to the monthly operation cost?

Q Yes.

A I plan to petition for one hundred dollars per well per month administration; fifty dollars per month pumper per well.

Q Pumper?

A Yes, sir, pumping charges per well.

Q Would this be an oil well you are talking about or both?

A Either/or because they so often produce oil along with that and some water, sometime a little bit of water, although my diagonal offset there is making just about a barrel a day, and chemical cost which is necessary at times, so the operation cost for one well on the lease per month should be about two hundred dollars; that is for overhead, my administrative charge that is, for paperwork and so forth, hiring of the pumper, with there being an allowance made for the hiring of either an engineer or myself.

I have never hired engineers to do my engineering work. I do it myself and bill my partners on the basis of one hundred fifty dollars a day as charge for consulting and they stand tight with it, apparently peaceably.

Q You are asking for one hundred dollars a month

for supervision, administration?

A Yes, sir.

Q Fifty dollars a month for the pumper?

A Yes, sir.

Q And what was the other fifty?

A Incidental causes such as chemicals.

Q That would be part of the operating cost, which would be charged for in any event?

MR. HATCH: I believe the way these orders are written, that would be under a different section of the order; that would be covered.

Q (By Mr. Utz) It would be similar to a work-over program?

A Yes, sir. I hadn't participated in one of these before and had no knowledge of that.

Q Then, for supervision and operation you are claiming it would cost one hundred fifty dollars a month for either a gas well or an oil well?

A Yes, sir.

MR. UTZ: Other questions? The witness may be excused.

(Witness excused).

MR. UTZ: Have any statements in this case?

No statements in the case? The case will be taken under advisement.

We will take a ten-minute recess.

(Whereupon, a short recess was taken).

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
C. E. LONG	
Direct Examination by Mr. Utz	11

E X H I B I T S

Applicant's 1 through 7	2
-------------------------	---

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, GLENDA BURKS, Court Reporter in and for the
 County of Bernalillo, State of New Mexico, do hereby
 certify that the foregoing and attached Transcript of
 Hearing before the New Mexico Oil Conservation Commission
 was reported by me; and that the same is a true and correct
 record of the said proceedings to the best of my knowledge,
 skill and ability.

Glenda Burks
 Notary Public

My Commission Expires:

March 12, 1973

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Bernalillo hearing of Case No. 4311
 heard by me on Feb 25, 1970.
Marion, Examiner
 New Mexico Oil Conservation Commission

JS

C. E. LONG, JR.

OIL & GAS PRODUCER

TELEPHONE 915 - 683-3080

BOX 1578, MIDLAND, TEXAS 79701

March 26, 1970

70 MAR 30 PM 1 10

✓ Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

and

Cities Service Oil Company
P. O. Box 4906
Midland, Texas 79701

Gentlemen:

The attached ITEMIZED SCHEDULE OF ESTIMATED WELL COSTS is forwarded in compliance with directions in paragraph one, subparagraph (4), page 4, CASE No. 4311, Order No. R-3931, by the New Mexico Oil Conservation Commission, dated March 11, 1970.

Very truly yours,

C. E. Long
C. E. Long

CEL/me

encl.

file - Case 4311

ITEMIZED SCHEDULE OF ESTIMATED WELL COSTS for operations in connection
with the re-entry and com-
pletion of the old abandoned hole in SE/4 of NE/4, Section 31, 21-S,
36-E, Lea County, New Mexico:

Clear location, clean out cellar, remove casing marker stub and rebuild cellar walls.....	\$ 785
Roustabout gang.....	\$200
Bulldozer.....	300
(for digging & closing pit)	
Air Hammer and operator.....	165
Lumber.....	75
Hauling.....	45
Drilling plugs from old hole.....	\$ 1102
Reverse circulation unit.....	\$500
Water, hauled to location....	135
Drill collars.....	180
Subs & elevators.....	105
6 1/2" bit.....	182
Logging services.....	\$ 1940
*Cement bond & collar locator log.....	\$400
*Variable Density log.....	150
Cased hole sonic log.....	300
Perforations (Yates) with Hyperjet 4" gun.....	535
Perforations (7-Rivers) with Hyperjet 4" gun.....	555
Fracture treatment (Halliburton My-T-Frac, Mod Brine 500) 20,000 gallons in Yates and 20,000 gallons in Seven Rivers with 56,000 # sand in each formation.....	\$ 9000
Frac tank rental.....	\$ 100
Packer rental (Baker R double grip with hold-down).....	\$ 275
Bridging plug rental (with on and off tool).....	\$ 275
Service man for packer and bridging plug.....	\$ 60
Consulting engineer.....	\$ 1250
Management & Supervision by lease operator including expenses and mileage.....	\$ 1250
Oil storage tanks (two 210 bbl. welded, cone bottom).....	\$ 3241
Tanks.....	\$2833
Walkway.....	171
Stairway.....	237
Oil & Gas Separator (4 x 7.5) and concrete base.....	\$ 2583
Heater-Treater complete with valve, regulator, scrubber and concrete base and upended at location.....	\$ 3236
Installation charge for Tanks, Separator & Heater-Treater.....	\$ 3000
Caliche mat for tanks, separator & heater-treater.....	\$ 500

Tubing (2 7/8" OD, J-55, 6.5#), 3800' with one each 2', 4', 6', 8' and 10' pup joints.....	\$ 4069
Flowlines and check valves, 2" used, 300' on location.....	\$ 145
Choke, wellhead valves and fittings.....	\$ 600
Thread dope and other lubricants.....	\$ 15
Roustabout gang for connection work, 2 days.....	\$ 200
Workover unit, 8 days.....	\$ 2200
Power tongs.....	\$ 280
Blowout preventer.....	\$ 125
Floors and racks.....	\$ 45
Swabbing materials.....	\$ 80
Tubing head and rubber.....	\$ 135
TOTAL.....	\$36491.00

Prepared by:



 C. E. Long



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMijo
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

March 10, 1970

Mr. C. E. Long, Jr.
Post Office Box 1578
Midland, Texas
79701

Re: Case No. 4311
Order No. R-3931
Applicant:
C. E. Long, Jr.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Cities Service, Foster Petroleum Corporation, and Mrs.
H. A. Wimberly

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4311
Order No. R-3931

APPLICATION OF C. E. LONG
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 25, 1970, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 11th day of March, 1970, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, C. E. Long, seeks an order pooling all mineral interests from the surface of the ground down to the base of the Seven Rivers formation underlying the S/2 NE/4 of Section 31, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, to form two 40-acre proration units comprising the SE/4 NE/4 and the SW/4 NE/4 of said Section 31 for Eumont, Jalmat, or South Eunice oil production to be dedicated to a well to be re-entered in the SE/4 NE/4 and a well to be re-entered or to be drilled at a standard location in the SW/4 NE/4 of said Section 31 or to form an 80-acre non-standard gas proration unit comprising the S/2 NE/4 of said Section 31 for Eumont or Jalmat gas production.

(3) That the applicant has the right to drill and proposes to re-enter a well in each of the aforesaid quarter-quarter

sections or to drill a well in the SW/4 NE/4 of said Section 31, and to test any and all formations, particularly the Yates and Seven Rivers formations, from the surface of the ground down to the base of the Seven Rivers formation.

(4) That there are interest owners in the proposed spacing and proration units who have not agreed to pool their interests.

(5) That the evidence indicates that the S/2 NE/4 of said Section 31 may be productive of gas from either or both of the Eumont and Jalmat Gas Pools.

(6) That the evidence indicates that the SE/4 NE/4 and the SW/4 NE/4 of said Section 31 may be productive of oil from the Eumont, Jalmat, and South Eunice Pools.

(7) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the S/2 NE/4 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in either or both of the Eumont and Jalmat Gas Pools, all mineral interests, whatever they may be in said pools, down to and including the Seven Rivers formation, within the S/2 NE/4 of said Section 31 should be pooled.

(8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SE/4 NE/4 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the Eumont, Jalmat, or South Eunice Pools, all mineral interests, whatever they may be in said pools, down to and including the Seven Rivers formation, within the SE/4 NE/4 of said Section 31 should be pooled.

(9) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SW/4 NE/4 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the Eumont, Jalmat, or South Eunice Pools, all mineral interests, whatever they may be in said pools, down to and including the Seven Rivers formation, within the SW/4 NE/4 of said Section 31 should be pooled.

(10) That the applicant should be designated the operator of the subject wells and units.

(11) That any non-consenting working interest owner should be afforded the opportunity, as to each well, to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(12) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be re-entered in the SE/4 NE/4 of said Section 31 should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 50% thereof as a reasonable charge for the risk involved in the completion of the well.

(13) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be re-entered or drilled in the SW/4 NE/4 of said Section 31 should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 50% thereof as a reasonable charge for the risk involved in the completion of the well.

(14) That any non-consenting interest owner should be afforded the opportunity, as to each well, to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(15) That following determination of reasonable well costs, as to each well, any non-consenting working interest owner that has paid his share of estimated costs should pay, as to each well, to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(16) That \$75.00 per month for each completed productive zone in each of the subject wells should be fixed as a reasonable charge for supervision of each of the subject wells; that the operator of the subject wells should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject wells not in excess of what are reasonable attributable to each non-consenting working interest.

(17) That all proceeds from production from the subject wells which are not disbursed for any reason should be placed in escrow

-4-

Case No. 4311

Order No. R-3931

to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Eumont and Jalmat Gas Pools down to and including the Seven Rivers formation underlying the S/2 NE/4 of Section 31, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form an 80-acre non-standard gas proration unit for said pools to be dedicated to a well to be re-entered in either the SE/4 NE/4 or the SW/4 NE/4 of said Section 31 or drilled in the SW/4 NE/4 of said Section 31.

(2) That all mineral interests, whatever they may be, in the Eumont, Jalmat, and South Eunice Pools down to and including the Seven Rivers formation underlying the SE/4 NE/4 of Section 31, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 40-acre oil spacing unit for each pool to be dedicated to a well to be re-entered in said quarter-quarter section.

(3) That all mineral interests, whatever they may be, in the Eumont, Jalmat, and South Eunice Pools down to and including the Seven Rivers formation underlying the SW/4 NE/4 of Section 31, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 40-acre oil spacing unit for each pool to be dedicated to a well to be re-entered or drilled in said quarter-quarter section.

(4) That C. E. Long is hereby designated the operator of the subject wells and units.

(5) That the operator shall furnish the Commission and each known working interest owner in the S/2 NE/4 of said Section 31 an itemized schedule of estimated well costs, as to the well to be re-entered in the SE/4 NE/4 of said Section 31, within 30 days following the date of this order.

(6) That the operator shall furnish the Commission and each known working interest owner in the S/2 NE/4 of said Section 31 an itemized schedule of estimated well costs, as to the well to be drilled or re-entered in the SW/4 NE/4 of said Section 31, at least 30 days prior to commencing the drilling or re-entry of the well in the SW/4 NE/4 of said Section 31.

(7) That within 30 days from the date the schedules of estimated well costs, as to each well, are furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs, as to each well, to the operator in lieu of paying his share of reasonable well costs, as to each well, out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(8) That the operator shall furnish the Commission and each known working interest owner in the subject units an itemized schedule of actual well costs as to each well within 30 days following completion of each well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following completion of each well, the actual well costs shall be the reasonable well costs; provided, however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(9) That within 30 days following determination of reasonable well costs, as to each well, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(10) That the operator is hereby authorized, as to each well, to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the completion of the well, 50% of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has

CASE No. 4311
Order No. R-3931

not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(11) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(12) That \$75.00 per month for each completed productive zone in each of the subject wells is hereby fixed as a reasonable charge for supervision for each of the subject wells; that the operator is hereby authorized, as to each of the subject wells, to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(14) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(15) That all proceeds from production from the subject wells which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(16) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-7-

CASE No. 4311

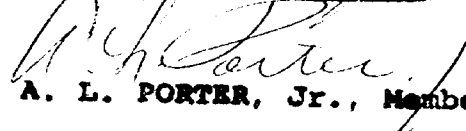
Order No. R-3931

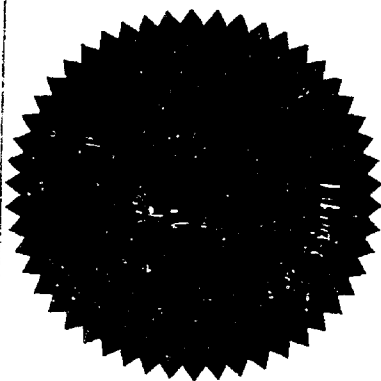
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


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



esr/

Case #311

Deed 2-25-70

Rec. 2-26-70

Grant C.E. Long a Comp. Pooling order for the $5\frac{1}{2}$ NE/4 Sec. 31-21-36. He is only pooling a $\frac{1}{6}$ interest held by Cities Service who will not do anything & did not appear at the hearing.

Grant 150 %! I believe this is justified because he is willing to spend some money to try to obtain prod. & Cities will not. Lease has 2 P & A wells.

Grant \$75⁰⁰ % for cost of supervision / and actual operating costs.

Thud M

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 1970

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 4296: (Continued from the January 21, 1970 Examiner Hearing)
Application of S. P. Yates for a pressure maintenance project expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the S. P. Yates West McMillan Anderson Pressure Maintenance Project, authorized by Order No. R-3852, by the injection of water into the Queen formation through one additional well, the Anderson Well No. 3 located 2310 feet from the East line and 990 feet from the South line of Section 11, Township 20 South, Range 26 East, West McMillan-Seven Rivers-Queen Pool, Eddy County, New Mexico.
- CASE 4308: Application of Bill J. Graham for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the perforated interval from 4913 feet to 4961 feet in his U. S. Smelting Federal Well No. 5 located in Unit P of Section 22, Township 24 South, Range 32 East, Double X-Delaware Pool, Lea County, New Mexico.
- CASE 4309: Application of Mobil Oil Corporation for an amendment of Order No. R-3824, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3824 to permit the drilling of its Humphrey Queen Unit Well No. 13, a water injection well in its Langlie Mattix Humphrey Waterflood Project, at a non-standard location 1500 feet from the South line and 1220 feet from the East line of Section 4, Township 25 South, Range 37 East, Lea County, New Mexico, in lieu of the location authorized in said Order No. R-3824.
- CASE 4310: Application of Klabzuba, Munson and Seaman for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a wildcat oil well to the Devonian formation at an unorthodox location 700 feet from the East line and 2500 feet from the South line of Section 13, Township 10 South, Range 27 East, Chaves County, New Mexico.

CASE 4311:

Application of C. E. Long for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests from the surface down to the base of the Seven Rivers formation underlying the S/2 of the NE/4 of Section 31, Township 21 South, Range 36 East, Lea County, New Mexico, to form two 40-acre proration units for Jalmat, Eumont, or South Eunice Oil production to be dedicated to a well to be re-entered in Unit H and a well to be re-entered or to be drilled at a standard location in Unit G of said Section 31 and/or to form an 80-acre non-standard gas proration unit in the event gas production is encountered in the Jalmat or Eumont Gas Pools. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4312:

Application of U. S. Potash & Chemical Company, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to include the following-described lands in the Potash-Oil Area defined by said order:

EDDY COUNTY, NEW MEXICO

Township 23 South, Range 31 East,
Sections 19, 20, 27, 28, 29 and 30: All

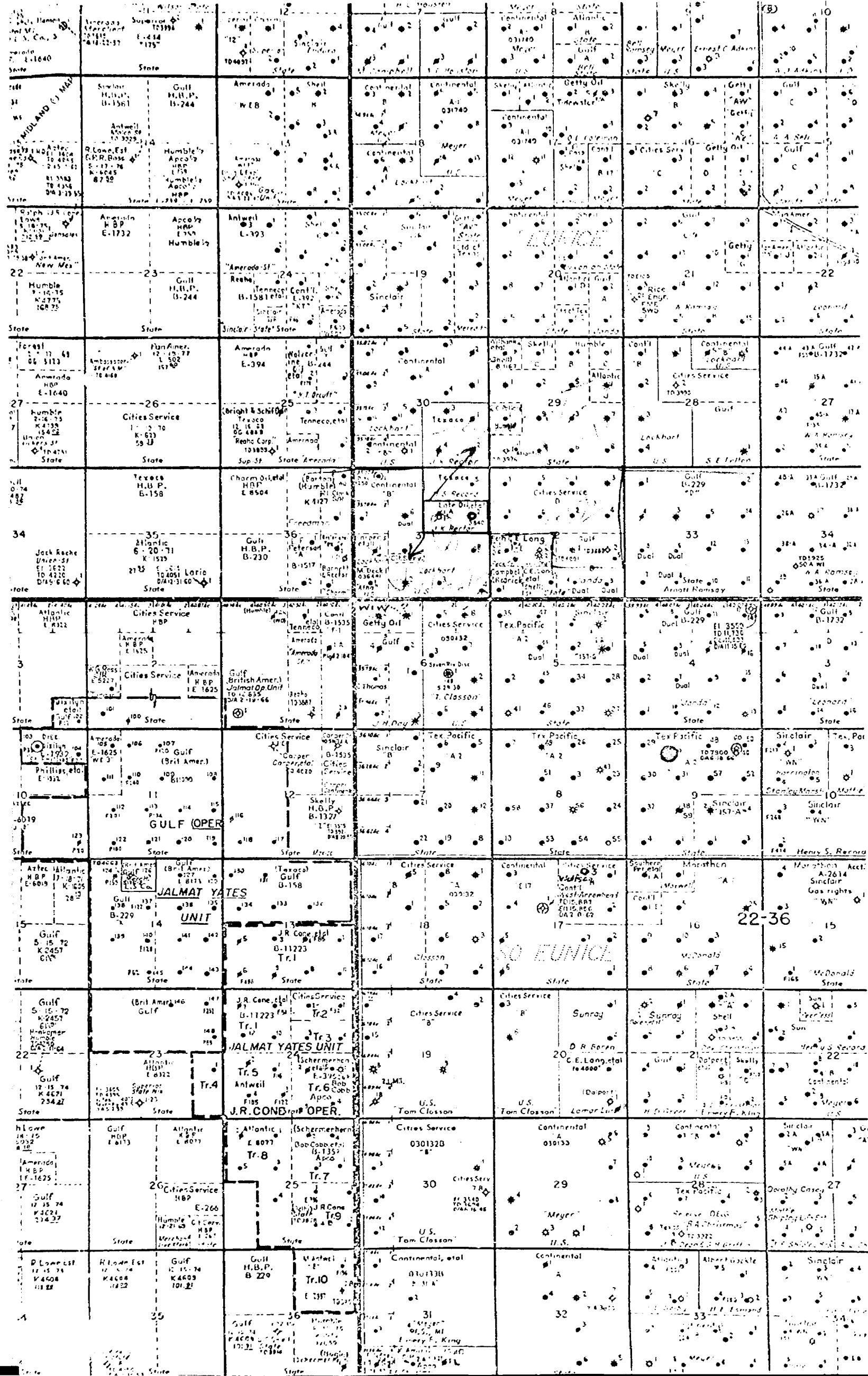
CASE 4313:

Application of Atlantic Richfield Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of 160-acre non-standard gas proration unit comprising the N/2 S/2 of Section 36, Township 21 South, Range 37 East, Blinbry Gas Pool, Lea County, New Mexico, to be dedicated to its State 367 Wells Nos. 2 and 3 located, respectively, in Units L and K of said Section 36. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

CASE 4314:

Application of Coastal States Gas Producing Company for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the W/2 and SE/4 of Section 21, Township 13 South, Range 33 East, Lea County, New Mexico, from the Lazy J-Pennsylvanian Pool and the extension of the North Baum Upper Pennsylvanian Pool to include said deleted acreage.

- CASE 4315: Application of Pan American Petroleum Corporation for pool consolidation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of the Fowler-Lower Paddock and Fowler-Blinebry Pools, Lea County, New Mexico, into one pool. Applicant further requests that the consolidated pool be governed by rules presently applicable to the Fowler-Blinebry Pool.
- CASE 4316: Application of Pan American Petroleum Corporation for an un-orthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C 11 to permit the drilling of a well at an un-orthodox gas well location 330 feet from the North and East lines of Section 11, Township 23 South, Range 26 East, South Carlsbad-Strawn, Atoka, and-Morrow Gas Pools, Eddy County, New Mexico. The N/2 of said Section 11 to be dedicated to the well.
- CASE 4317: Application of Union Oil Company of California for the creation of a new gas pool and special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres gas pool for its Federal "18" Well No. 2 located 660 feet from the South and East lines of Section 18, Township 8 South, Range 38 East, Roosevelt County, New Mexico, and for the promulgation of special rules therefor, including provisions for 160-acre spacing units and a casing program.



C. E. LONG, JR.
BOX 1573
MIDLAND, TEXAS 79701

October 3, 1969

Cities Service Oil Company
800 Vaughn Building
Midland, Texas 79701
ATTENTION: Mr. Frank Riney

Re: Your mineral interest, S/2
NE/4, Sec. 21, 21-S, 36-E,
SE Lea County, New Mexico

Gentlemen:

This is to state in writing my request of yesterday in conversation with Mr. Riney for a one-year lease of your subject mineral interest.

My plan is first to re-enter No. 2 Rector and deepen it from the old 3831' total depth to approximately 3850' total depth and/or to drill a new hole on the lease in order to explore and, if possible, to exploit the oil and gas prospects in the Yates and Seven Rivers formations.

I propose as consideration for your leasing me this subject mineral interest the usual 1/8 of 8/8 royalty, plus my considerable work and expenses arising from the operations necessary in this project.

The one dry hole and the two now-plugged former producers on this land have not produced any appreciable amounts of oil and gas for several years. This land lies conveniently situated for me to attempt re-establishment of production there since it corners on a three-well lease I own and have operated for many years. It also is close to another lease having one well which I re-entered and re-established as a commercial producer in late 1968.

I have other production in southeast Lea County, am bonded as an operator in New Mexico (state plugging bond and bond as a federal lease operator, etc.) and I have been operating in this immediate area for about twelve years.

May I hear from you in this matter.

Very truly yours,

C. E. Long

CEL/me

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>2</u>
CASE NO. <u>4317</u>

7
Ci
CASE NO. _____



CITIES SERVICE OIL COMPANY

800 Vaughn Building
Midland, Texas 79701
Telephone: 915 MU 4-7131

October 10, 1969

Mr. C. E. Long, Jr.
Post Office Box 1578
Midland, Texas 79701

Subject: Oil and Gas Lease Request - C. E. Long, Jr.,
R-1684 - 1/6th Mineral Interest,
S/2 NE/4, Section 31, T-21-S, R-36-E,
Lea County, New Mexico.

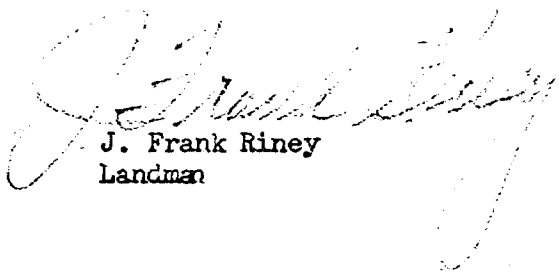
Dear Mr. Long:

Please refer to your letter of October 8, 1969 regarding the caption. This is to advise our Management has turned down your request for a one year lease covering our 1/6th mineral interest in the above described acreage.

Sorry we were unable to consummate a deal.

Very truly yours,

CITIES SERVICE OIL COMPANY


J. Frank Riney
Landman

JFR:vp

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 4312

C. E. LONG, JR.
BOX 1578
MIDLAND, TEXAS 79701

January 26, 1970

Cities Service Oil Company
800 Vaughn Building
Midland, Texas 79701
ATTENTION: Mr. J. Frank Riney

Re: Your mineral interest, S/2
NE/4, Sec. 31, 21-S, 36-E,
Lea County, New Mexico

Dear Mr. Riney:

This will confirm my verbal offer made to you for Cities Service Oil Company at your office on January 21, 1970.

I have received signed leases (including two which are now being prepared by Southland Royalty and The Fluor Corporation) covering all the mineral interest in the subject acreage except the Cities Service 1/6th, the Foster Petroleum Corporation 1/12th and one other interest of about 1/100th of 1% which has been promised.

Since Southland Royalty and The Fluor Corporation have accepted my offer to lease their mineral interests with provision for 3/16ths royalty to them, this is my offer on the same terms to Cities Service and Foster. I propose to begin operations within 60 days of agreement execution.

Please refer to my letter of October 8, 1969, for information and other terms of my proposal.

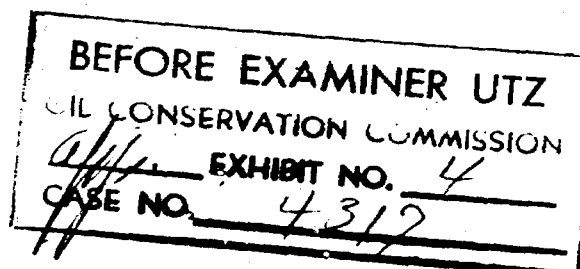
I enclose a copy of a November 14, 1969, letter to me from Mr. Doornbos of Foster Petroleum Corporation, since I did mention having had the letter as we talked last Wednesday.

May I hear from you in this matter.

Very truly yours,

C. E. Long

encl.: 1/26/70 letter to
Mr. Doornbos





CITIES SERVICE OIL COMPANY

800 Vaughn Building
Midland, Texas 79701
Telephone: 915 684-7131
January 30, 1970

Mr. C. E. Long, Jr.
P. O. Box 1578
Midland, Texas 79701

Re: Oil and Gas Lease Request - C. E. Long, Jr.,
R-1684 - 1/6th Mineral Interest,
S/2 NE/4 Section 31, T-21-S, R-36-E,
Lea County, New Mexico.

Dear Mr. Long:

Please refer to your letters of October 8, 1969, and January 26, 1970, requesting an oil and gas lease on our 1/6th mineral interest. Our management has again advised they are not interested in leasing these minerals.

Sorry we were unable to consummate a deal at this time.

Yours very truly,

CITIES SERVICE OIL COMPANY

J. Frank Riney
J. Frank Riney
Landman

JFRbd

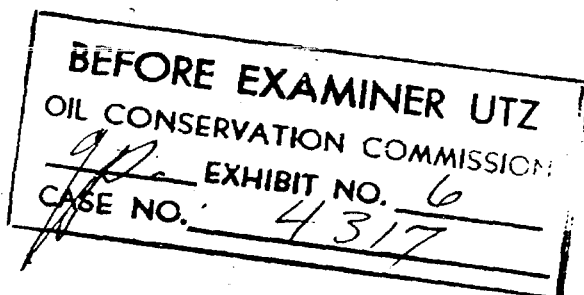
BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
App. <i>[initials]</i>	EXHIBIT NO. <u>5</u>
CASE NO. <u>4317</u>	

MINERAL INTEREST OWNERS, S/2 NE/4 Sec. 31 T-21-S R-36-E, Lea Co., N. M.

<u>NAME:</u>	<u>AMOUNT OF INTEREST:</u>
Mrs. Evalynn Burress	1/16
Mrs. Ruth S. Blymn	1/16
Fluor Corporation	3/16
Southern Petroleum Exploration, Inc.	2/16
Southland Royalty Company	1/4
Foster Petroleum Corporation	1/12
Cities Service Oil Company	1/6
Distributees of Western Oil & Royalty Co., 1/16 divided as follows:	
Mrs. Anna Claire Beazley Henderson	1/3 of 50/1462
Mrs. Gibbs Beazley Crook	"
Mrs. Patsy Beazley Small	"
Mrs. Pearle J. Berry	6/1462
Ford M. Boulware	27/1462
Edith Anson Boulware	"
Mrs. Ethel C. Bryant	1/2 of 421/1462
Bryant Williams, Executor	"
Dr. Edwin Flowers	1/2 of 34/1462
Maurine Burfeind	1/12 of 34/1462
C. B. Collins	"
Harry O. Collins	"
L. H. Collins	"
W. M. Collins	"
Ruby Collins Mann	"
1st National Bank, Dallas, Trustee	51/1462
Charles Hobbs Griffith	"
Mary Hobbs Griffith and 1st National Bank, Dallas, Trustees	102/1462
Mary Bland Hunter	105/1462
Dwight L. Hunter, Jr., Executor	105/1462
H. E. Jackson, Estate	33/1462
Mrs. John Abe March	14/1462
Austin C. Millspaugh	67/1462
Helen Schneeman Strauss	1/2 of 50/1462
William Carl Pfluger	1/4 of 50/1462
Addison Lee Pfluger	1/4 of 50/1462
Florence Dahl Tweedy, Andrew Mellick Tweedy, and John Bayard Tweedy, Trustees	85/1462
Mrs. Eva Browne Tweedy	90/1462
Mrs. Grace Bronson Tweedy	101/1462
Mrs. H. A. Wimberly	30/1462

All Above interests under lease to C. E. Long except the Cities Service Oil Company 1/6 mineral interest.

Exact ownerships subject to change upon possible findings of next title opinion.



Oil & Gas Production Statistics, Wells surrounding S/2 NE/4 Sec. 31 T21-S R-36-E

Company & Lease	Well & Location	Eumont Oil (Bbls) Cum. 1/1/69	Oct. '69	So. Eunice Oil (Bbls) Cum. 1/1/69	Oct. '69	Jalmat Oil (Bbls) Cum. 1/1/69	Oct. '69	Eumont Gas (Mcf) Cum. 1/1/69	1968	Jalmat Gas (Mcf) Cum. 1/1/69	1968
Cities Service State "D"	1 B 32 215 36E	286,787	365								
	2 G "	258,400	214								
	3 A "							2,418,296	254,523		
	4 H "	185,187	217								
	5 C "	54,824	-0-								
	6 F "	88,168	152								
	7 D "	111,464	248								
	8 E "	81,156	153								
Continental Lockhart "B"	1 D 31 215 36E			301,929	91						
	2 N "				-0-						-0-
	3 O "			197,325	315						
	4 P "			113,522	-0-					2,287,514	75,862
	5 K "			130,423	300						
	6 F "			29,916	662					932,890	-0-
	7 E "			42,458	90						
	8 I "			13,018	-0-						
C.E. Long Rech. State	1 L 32 215 36E					52,615	90				
	2 K "									564,220	73,522
	3 L "			50,916	106						
Texaco Record Texaco Rector	5 A 31 215 36E	32,296	6					954,027	-0-		
	2 P 30 215 36E							857,885	7,063		
	4 O "										

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 7
CASE NO. 4317

RECEIVED
'70 FEB 6 AM 8 18

[Handwritten signature]

BEFORE THE

OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF C. E. LONG FOR AN ORDER FOR
THE COMPULSORY POOLING OF THE S/2
OF THE NE/4 OF SECTION 31, TOWN-
SHIP 21 SOUTH, RANGE 36 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO

See 4311

Amendment to

A P P L I C A T I O N

The following information was omitted and should be entered as the last sentence to numbered paragraph 2 on the first page of the application:

"Within six months after completing the first well, applicant further proposes to begin either to re-enter a second well, the Late Oil Company No. 1 Rector or the Late Oil Company No. 1-A Rector, or to begin drilling a second well, at a standard location in the west forty-acres of the S/2 of the NE/4 of Section 31, and to complete it from at least one of the aforementioned oil and/or gas pools".

Respectfully submitted for
inclusion in the original
application,

C. E. LONG

BY:

[Handwritten signature of C. E. Long]

C. E. LONG
Post Office Box 1578
Midland, Texas 79701

C. E. LONG, JR.
OIL & GAS PRODUCER
TELEPHONE 915 - 683-3080
BOX 1578, MIDLAND, TEXAS 79701
February 3, 1970

Encl 4.311

Mr. George Hatch
Legal Division
New Mexico Oil and Gas Conservation Commission
Santa Fe, New Mexico 87501

Dear Mr. Hatch:

This is to thank you for your help in a couple of phone conversations about force pooling.

I have prepared application for a force pooling hearing after your suggestions and hope that I have correctly incorporated them into the form I am enclosing. If the enclosed application requires changing, please let me know. Copies of this application are being sent to Cities Service Oil Company, Foster Petroleum Corporation and to Mrs. Wimberly.

Please put this enclosed application into proper channels for processing.

Again, I appreciate your help in this matter.

Very truly yours,

C. E. Long
C. E. Long

encl.

DOCKET MAILED

Date 2-13-70

'70 FEB 4 PM 1 14

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF C. E. LONG FOR AN ORDER FOR
COMPULSORY POOLING OF THE S/2 OF
THE NE/4 OF SECTION 31, TOWNSHIP
21 SOUTH, RANGE 36 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO

Case 4311

A P P L I C A T I O N

Comes now C. E. LONG and applies to the Oil Conservation Commission of New Mexico for an order for compulsory pooling of all oil and gas interests in and under the S/2 of the NE/4 of Section 31, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico, insofar as oil and gas pays from the surface of the ground down to and including the base of the Seven Rivers formation are concerned, and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the S/2 of the NE/4 of said Section 31, through the base of the Seven Rivers formation with the exception of an undivided, unleased .2500266757868 mineral interest under the S/2 of the NE/4 of Section 31, which interest is owned, to the best of applicant's knowledge and belief, by Cities Service Oil Company, 800 Vaughn Building, Midland, Texas 79701, Foster Petroleum Corporation, Box 729, Bartlesville, Oklahoma, and Mrs. H. A. Wimberly, 600 South David, San Angelo, Texas.
2. Applicant proposes to re-enter a well, the Late Oil Company No. 2 Rector, located 660 feet from the East line and 1980 feet from the North line of Section 31, and to complete it for production from the Jalmat Gas Pool, the Eumont Gas Pool, the Jalmat Oil Pool, the Eumont Oil Pool and/or the South Eunice Oil Pool.
3. The owners of the mineral interests underlying the S/2 of the NE/4 of said section have been unable to agree to pool

DOCKET MAILED

Date 2-13-70

their interests. Unless said acreage is pooled, as provided by law, the applicant will be denied the right to recover its just and equitable share of the oil and gas underlying the lands owned by it in the oil and gas pools named in the foregoing paragraph.

WHEREFORE, applicant prays that the Commission set this application for hearing before the Commission, or before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving a non-standard gas unit and proration unit and two standard oil drilling and proration units in the oil and gas pools as named above, consisting of the S/2 of the NE/4 of Section 31, Township 21 South, Range 36 East, N.M.P.M., and force pooling all of the oil and gas mineral interests underlying said S/2 of the NE/4 insofar as production from these oil and gas pools is concerned.

Applicant further prays that the Commission designate it as operator of said unit, and make suitable provision for recovery of its costs incurred in the drilling, completing, supervising and operating of said wells, from any non-consenting owners, and including a suitable risk factor for the risk involved in the drilling and completing of a well or wells on said tract, to be recovered out of any non-consenting owners prorata share of production, together with provision for the recovery of the costs of operation of said well and the supervision thereof, and for such other and further provisions as may be proper.

Respectfully submitted,

C. E. LONG

BY: 

C. E. LONG
Post Office Box 1578
Midland, Texas 79701

DRAFT

GMH/esr

March 2, 1970

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

APPLICATION OF C. E. LONG
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

CASE No. 4311

Order No. R-3931

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 25, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of March, 1970, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, C. E. Long, seeks an order pooling
all mineral interests from the surface of the ground down to the
base of the Seven Rivers formation underlying the S/2 NE/4 of
Section 31, Township 21 South, Range 36 East, NMPM, Lea County,
New Mexico, to form two 40-acre proration units comprising the
SE/4 NE/4 and the SW/4 NE/4 of said Section 31 for Eumont, Jalmat,
or South Eunice oil production to be dedicated to a well to be
re-entered in the SE/4 NE/4 and a well to be re-entered or to be
drilled at a standard location in the SW/4 NE/4 of said Section 31
or to form an 80-acre non-standard gas proration unit comprising
the S/2 NE/4 of said Section 31 for Eumont or Jalmat gas produc-
tion.

(3) That the applicant has the right to drill and proposes to re-enter ~~or drill~~ a well in each of the aforesaid quarter-
or to drill a well in the SW/4 NE/4 of said Section 31, and
quarter sections to test any and all formations, particularly
[^]
the Yates and Seven Rivers formations, from the surface of the ground down to the base of the Seven Rivers formation.

(4) That there are interest owners in the proposed spacing and proration units who have not agreed to pool their interests.

(5) That the evidence indicates that the S/2 NE/4 of said Section 31 may be productive of gas from either or both of the Eumont and Jalmat Gas Pools.

(6) That the evidence indicates that the SE/4 NE/4 and the SW/4 NE/4 of said Section 31 may be productive of oil from ~~either~~
~~one of~~ the Eumont, Jalmat, ^{and} South Eunice Oil Pools.

(7) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the S/2 NE/4 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in either or both of the Eumont and Jalmat Gas Pools, all mineral interests, whatever they may be in said pools, *down to and including the Seven Rivers formation,* within the S/2 NE/4 of said Section 31 should be pooled.

(8) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SE/4 NE/4 of said Section 31 the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in the Eumont, Jalmat, ^{or} and South Eunice ~~Oil~~
^{minerals} Pools, all ^{*down to and including the Seven Rivers formation,*} interests, whatever they may be in said pools, within the SE/4 NE/4 of said Section 31 should be pooled.

(9) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in the SW/4 NE/4 of said Section 31 the opportunity to

recover or receive without unnecessary expense his just and fair share of the oil in the Eumont, Jalmat, ^{and} ~~and~~ South Eunice ~~Oil~~ Pools, all mineral interests, whatever they may be in said pools, ^{down to and including the Acme River,} within the SW/4 NE/4 of said Section 31 should be pooled.

(10) That the applicant should be designated the operator of the subject wells and units.

(11) That any non-consenting working interest owner should be afforded the opportunity, as to each well, to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(12) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be re-entered in the SE/4 NE/4 of said Section 31 should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 50% thereof as a reasonable charge for the risk involved in the ^{completion} ~~drilling~~ of the well.

(13) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be re-entered or drilled in the SW/4 NE/4 of said Section 31 should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 50% thereof as a reasonable charge for the risk involved in the ^{completion} ~~drilling~~ of the well.

(14) That any non-consenting interest owner should be afforded the opportunity, as to each well, to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(15) That following determination of reasonable well costs, as to each well, any non-consenting working interest owner that

CASE No. 4311

has paid his share of estimated costs should pay, as to each well, to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(16) That \$75.00 per month for each completed productive zone in each of the subject wells should be fixed as a reasonable charge for supervision of each of the subject wells; that the operator of the subject wells should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject wells not in excess of what are reasonable attributable to each non-consenting working interest.

(17) That all proceeds from production from the subject wells which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Eumont and Jalmat Gas Pools ^{down to and including the Seven Rivers formation} underlying the S/2 NE/4 of Section 31, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form an 80-acre non-standard gas proration unit for said pools to be dedicated to a well to be re-entered ~~or drilled~~ in either the SE/4 NE/4 or the SW/4 NE/4 of said Section 31 ^{or drilled in the SW/4 NE/4 of said Section 31}

(2) That all mineral interests, whatever they may be, in the Eumont, Jalmat, and South Eunice Pools ^{down to and including the Seven Rivers formation} underlying the

SE/4 NE/4 of Section 31, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 40-acre oil spacing unit for each pool to be dedicated to a well to be re-entered in said quarter-quarter section.

(3) That all mineral interests, whatever they may be, in the Eumont, Jalmat, and South Eunice Pools ^{*down to and including the Green River formation*} underlying the SW/4 NE/4 of Section 31, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 40-acre oil spacing unit for each pool to be dedicated to a well to be re-entered or drilled in said quarter-quarter section.

(4) That C. E. Long is hereby designated the operator of the subject wells and units.

(5) That the operator shall furnish the Commission and each known working interest owner in the S/2 NE/4 of said Section 31 an itemized schedule of estimated well costs, as to the well to be re-entered in the SE/4 NE/4 of said Section 31, within 30 days following the date of this order.

(6) That the operator shall furnish the Commission and each known working interest owner in the S/2 NE/4 of said Section 31 an itemized schedule of estimated well costs, as to the well to be drilled or re-entered in the SW/4 NE/4 of said Section 31, at least 30 days prior to commencing the drilling or re-entry of the well in the SW/4 NE/4 of said Section 31.

(7) That within 30 days from the date the schedules of estimated well costs, as to each well, are furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs, as to each well, to the operator in lieu of paying his share of reasonable well costs, as to each well, out of production, and that any such owner who pays his share of estimated well costs as provided

above shall remain liable for operating costs but shall not be liable for risk charges.

(8) That the operator shall furnish the Commission and each known working interest owner in the subject units an itemized schedule of actual well costs as to each well within 30 days following completion of each well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following completion of each well, the actual well costs shall be the reasonable well costs; provided, however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(9) That within 30 days following determination of reasonable well costs, as to each well, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(10) That the operator is hereby authorized, as to each well, to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the ~~drill-~~^{completion}ing of the well, 50% of the pro rata share of

reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(11) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(12) That \$75.00 per month for each completed productive zone in each of the subject wells is hereby fixed as a reasonable charge for supervision for each of the subject wells; that the operator is hereby authorized, as to each of the subject wells, to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(14) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(15) That all proceeds from production from the subject wells which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow

-8-
CASE No. 4311

agent within 90 days from the date of this order.

(16) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

10-10-10 or 10-10-10

011
2-4-0
0-1-0

12-1-1940

C. C. Young

SECRET

THE NEW YORK

Section 31 an itemized schedule of estimated well costs, as to the well to be drilled on that tract, ~~within 30 days from the completion of the well in the SW 1/4 NW 1/4 of said Section 7.~~ *on the SW 1/4 NE 1/4 of said Section 31.*

(8) That the operators shall furnish the Commission and each known working interest owner in the subject units an itemized

costs of said well plus an additional 40% thereof as a reasonable charge for the risk involved in the drilling of the well.

(13) That any non-consenting working interest owner that does not pay his share of estimated well costs for the well to be drilled in the NE/4 SW/4 of said Section 7 should have withheld from production from said well his share of the reasonable well costs of said well plus an additional 40% thereof as a reasonable charge for the risk involved in the drilling of the well.

(14) That any non-consenting interest owner should be afforded the opportunity, as to each well, to object to the actual well costs but that said actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(15) That following determination of reasonable well costs, as to each well, any non-consenting working interest owner that has paid his share of estimated costs should pay, as to each well, to the operators any amount that reasonable well costs exceed estimated well costs and should receive from the operators any amount that paid estimated well costs exceed reasonable well costs.

(16) That \$50.00 per month for each completed productive zone in each of the subject wells should be fixed as a reasonable charge for supervision of each of the subject wells; that the operators of the subject wells should be authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operators should be authorized to withhold from production the proportionate share of actual operating costs of said wells attributable to each non-consenting working interest.

(17) That all proceeds from production from the subject wells which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Tubb Gas Pool underlying the E/2 SW/4 of Section 7, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form an 80-acre non-standard gas proration unit for

CASE No. 3726
Order No. R-3388

in addition thereto, the operators ~~are~~ hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject wells, not in excess of what are reasonable, attributable to each non-consenting working interest.

(13) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(14) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(15) That all proceeds from production from the subject wells which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operators shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(16) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

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

S E A L

esr/

(4)

~~2~~
CASE No. 3726
Order No. R-3388

schedule of actual well costs as to each well within ³⁰~~60~~ days following completion of each well; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within ~~30~~³⁰ days following completion of each well, the actual well costs shall be the reasonable well costs; provided, however, that if there is an objection to actual well costs within said ~~60~~-day period, the Commission will determine reasonable well costs after public notice and hearing.

(9) That within 30 days following determination of reasonable well costs, as to each well, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided above shall pay to the operators his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operators his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(10) That the operators are hereby authorized, as to each well, to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.
- (B) As a charge for the risk involved in the drilling of the well, ~~4%~~^{3%} of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(11) That the operators shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

^{\$75}
(12) That ~~\$50.00~~ per month for each completed productive zone in each of the subject wells is hereby fixed as a reasonable charge for supervision for each of the subject wells; that the operators ~~are~~ hereby authorized, as to each of the subject wells, to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and

CASE 4312: Application of U. S.
POTASH & CHEMICAL CO. FOR AMEND-
MENT OF ORDER NO. R-111-A.