

CASE 3954: Application of C. E.
LONG, Jr. for non-standard pro.
unit & unorth. gas well location.

Case Number

3954

Application

Transcripts.

Small Exhibits

ETC.

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

1126 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-4691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 20, 1968

IN THE MATTER OF:

Application of C. E. Long, Jr.,
for a non-standard gas proration
unit and an unorthodox gas well
location, Lea County, New Mexico

)
)
) Case No. 3954
)
)
)

BEFORE: ELVIS A. UTZ

TRANSCRIPT OF HEARING

MR. UTZ: Case 3954.

MR. HATCH: Application of C. E. Long, Jr., for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico.

MR. LONG: If the Examiner please, I am C. E. Long, representing myself in this case. I have one witness, that's myself, and I have not appeared before the Commission in previous hearings.

MR. UTZ: Will you stand and be sworn, first?

(Witness sworn.)

(Applicant's Exhibits
marked for identification.)

* * * * *

C. E. LONG, JR., the applicant, called as a witness, having been first duly sworn, testified as follows:

T E S T I M O N Y

MR. LONG: As to my qualifications, I graduated from Texas A & M University, and have worked for Humble, Standard of Texas, Midcontinent Petroleum and Eastland Oil Company before becoming an independent oil operator 14 years ago. All my operations at the present time, since I went on my own have been in New Mexico. I have been in business since 1937, except for the war.

MR. UTZ: You are familiar with this area about which

you are going to testify?

MR. LONG: Yes, sir, I have dedicated almost exclusive time to a four-section area in this particular case, for 14 years.

MR. UTZ: Let the record show that the witness is qualified to testify in this particular case.

MR. LONG: I'm a self-employed consulting geologist and oil operator, although I do no consulting. We call ourselves that to make ourselves available. I'm an oil and gas producer in New Mexico, as I mentioned, and before that was employed by companies. I have a total of some 20 years working in New Mexico.

My case in this instance is for an N S L and N S P for a well that was drilled and completed in 1958. It was the old Lulah Uranium and Oil Company No. 1 Shell State.

MR. UTZ: Utah?

MR. LONG: Lulah, L-u-t-a-h, Uranium and Oil, Incorporated. It's a now defunct corporation. I'm sole owner of the lease and I call it the C. E. Long Shell State No. 1. That well was produced for a few years, made 11,505 barrels of oil and a little over 20 million cubic feet of gas before it was shut in because of financial difficulties. It was flowing when it was shut in. I started to try and get title cleared

to it at the time and it took me off and on, a period of six years to get everything straightened out and just doing it when I had time, and I opened the well up with a pump and it made oil from the perforations that were there at the time. It made oil for quite a while, a couple of years, and declined and declined and the water increasted greatly, indicating that the water is coming from the Queen Formation. It's perforated in the Lower Seven Rivers and Queen and it was separately fracked in four zones of perforations and those are the zones of perforations that gave up the amount of oil that I stated. Those are the perforations that I plan to squeeze cement-plug for abandonment of that zone, the South Eunice Oil Zone.

Then I want to come up the hole, perforate in the Seven Rivers and the Yates for Jalmat dry gas well, which will be a Jalmat Gas Pool Well. The reason that the hearing is required is, I believe that this is a non-standard location, and it is illustrated on Exhibit 1, the plat, showing my acreage surrounded in red, the location being 660 feet from the South line and 2310 feet from the west line of Section 32, Unit N.

I have waivers from Gulf, Sinclair, Texas Pacific, Cities Service and Continental, all of the direct and diagonal

operators. I operate the north offset. Those waivers are for N S L and N S P.

This request to change from oil to gas production is because of the decline to uneconomical production of oil, excessive production of water, and because it's uneconomical, it appears to be uneconomical, it is in my opinion, to drill a new gas well at a standard location which would be 660 from the south and west, or anywhere in the 80, 660 from the line. A well drilled for gas alone in a standard location on this 80-acre Unit would probably cost, would cost in the vicinity of \$20,000.00 more than to complete this non-standard location to gas production. It's questionable that it would pay our, or be a satisfactory return on an investor's money on that basis because of the depletion of gas by the offsetting gas wells, which are the Gulf No. 1 Janeda and Sinclair 157.G. Lease Well, Texas Pacific State A-2 Well, Cities Service Clausson Lease production, and the Continental's Lockhart B Lease Production. The Lockhart B has made over 4 billion cubic feet of gas, I believe, and Gulf Janeda well has made considerable gas after being converted from oil production, after it made about 111,000 barrels of oil. It has made, I believe about a billion cubic feet of gas.

We are in an area of tight sand production. The formations have to be stimulated by frack, generally, to

produce commercial quantities of gas. It's my opinion that no one's correlative rights will be hindered, penalized, in any way by my completion here and the waivers indicate that that's agreed upon by the offset operators.

I have no more direct testimony, as to my reason for requesting this NSL and NSP.

E X A M I N A T I O N

BY MR. UTZ:

Q Mr. Long, the other well shown is the No. 1 well in this 80-acre tract shown on your exhibit --

A Sir, I neglected to state that I received a communitization agreement approved by the State, combining the east 40 and the west 40 of the South Half of the southwest quarter of Section 32. That No. 1 over there is an oil well, presently producing about a barrel and a half a day. It's owned by Campbell and Hedrick. They have the oil rights in that 40-acres. I have the oil rights in the east 40 of that 80, but I have the gas rights in the whole 80, the shallow gas rights.

Q That's operated by who, now?

A Campbell and Hedrick, used to be Pets Oil Company, but they have changed it to Campbell and Hedrick. I can so note on this plat, if you wish, I didn't put it there in

order to avoid cluttering the plat up.

Q What is it producing from, the South Eunice?

A It's a South Eunice Pool producer, same as my No. 1 Shell State which is in the N Unit.

Q That's the only two wells on this 80-acre tract?

A Yes, no dry holes. I plan ultimately to redrill, possibly for oil production in this, if I can promote it.

Q Now, this well is now completed--

A I can read you my perforations, if you wish.

Q Why don't you do that?

A All right, sir. Perforations, let me be exact, I have it here. The perforations are 3812 to 24 and 3830 to 40 and 3848 to 58, and this is the last 3866 to 86, all those zones were separately fracked at the time of completion.

Q Now, these are South Eunice perforations, are they?

A Yes, sir, they are.

Q Now, where do you intend to perforate?

A I intend to perforate, this will be approximate, sir, but may I say an upper limit and a lower limit?

Q Sure.

A I plan to perforate between approximately 3400 and approximately 3760.

Q Those perforations will be in the Jalmat Pool?

A Yes, sir, this well is located in an area that is at an overlap between the Jalmat and the Eumont Gas and, for instance, the Gulf well just northeast of this lease, it produces gas, dry gas, and is a Eumont gas well. My well right north of this, my No. 2 Pet State, is a Jalmat Gas Well. They offset each other, so it's where you put your perforations as to what pool you are in, in this case --

Q Whether you get in the Queen or not?

A Yes, sir, that is very tight sands and it's hard to know where to lay your money.

Q Now, you intend to plug back above these perforations at 3812?

A Yes, sir, I intend to put a retainer and squeeze at about thirty-seven -- just a moment, sir, about 3800 catching all the perforations below.

Q You haven't done any of this work on this well?

A No, see, I had until the end of the month to begin, on the farmout. See, I had to get the gas rights by farmout, and we have been -- El Paso insisted on sending a communitization agreement through on their form. I told them I had the State forms and they said, "Well, these will do", so I did it. Well, we took up some time, then, getting them all re-signed on State forms after that.

Q You were hoping you would get gas --

A Oh, they use -- I -- with relation to gas?

Q Yes.

A Oh, I'll get gas, I am sure I will get gas because of the surrounding wells there. As a matter of fact, it's hard to complete an oil well at a low enough G O R sometimes in here to produce oil. I had that trouble with my No. 2 Pet State, just offsetting to the north.

Q You don't understand that your G O R will need to be a hundred thousand?

A Yes, sir, I am sure it will be well above that. If it isn't, I'll open more perforations in known gas zones if it falls below, I'll just have to go back in and open up more zones. That's what I did in that case, after I had started producing water in that well, we had a permit to dual and had some trouble with the completion, and I had to get permission of the office in Hobbs a fourth time, a third time I believe it was, to blow that well down until it would exceed one hundred thousand to one and finally got up about 106,000 to 1.

MR. UTZ: Any other questions of the witness?

He may be excused.

(Witness excused.)

MR. UTZ: Applicant's Exhibits will be entered
into the record of this case.

(Whereupon, Applicant's Exhibits
admitted in evidence.)

MR. UTZ: The case will be taken under advisement.

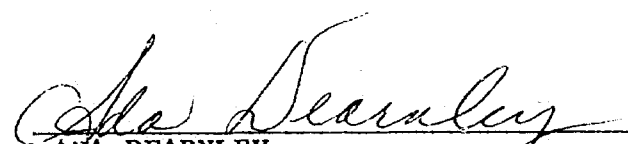
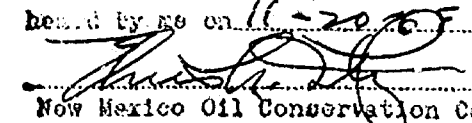
I N D E X

| WITNESS | | PAGE |
|------------------------------|--------|----------|
| <u>C. E. LONG, JR.</u> | | |
| Testimony | | 2 |
| Cross Examination by Mr. Utz | | 6 |
| EXHIBITS | MARKED | ADMITTED |
| Applicant's | 2 | 10 |

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

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

WITNESS my hand this 2nd day of December, 1968.


 ADA DEARNLEY
 I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Executive hearing of Case No. 3954,
 heard by me on 11-20-68, 19.....

 _____, Examiner
 New Mexico Oil Conservation Commission

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2068
SANTA FE

November 26, 1968

Mr. C. E. Long
Oil & Gas Producer
Post Office Box 1578
Midland, Texas 79701

Re: Case No. 3954
Order No. R-3597
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

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other _____

LEGISLATIVE 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. 3954
Order No. R-3597

APPLICATION OF C. E. LONG, JR.,
FOR A NON-STANDARD GAS PRORATION
UNIT AND AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8:30 a.m. on November 20, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 26th day of November, 1968, 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, Jr., is the owner and operator of the Shell State Well No. 1, located 660 feet from the South line and 2310 feet from the West line of Section 32, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That said well is presently completed in the South Eunice Pool; that the well is uneconomic to produce from said zone.

(4) That the applicant proposes to plug off the South Eunice zone in said well, recomplete the well in the Jalmat Gas Pool, and to dedicate an 80-acre non-standard gas proration unit comprising the S/2 SW/4 of said Section 32 to the subject well.

-2-

CASE No. 3954
Order No. R-3597

(5) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the subject well as recompleted.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That an unorthodox location is hereby approved for the C. E. Long, Jr., Shell State Well No. 1, to be recompleted, 660 feet from the South line and 2310 feet from the West line of Section 32, Township 21 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(2) That an 80-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 SW/4 of Section 32, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the aforesaid C. E. Long, Jr., Shell State Well No. 1.

(3) 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
DAVID F. CARGO, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

esr/

Case. 3957

Heard 11-20-68

Rec. 11-20-68

Grant C. E. Long, Jr. am 80 A c
N S P in Jalumat, gas pool in
exception to Rule 5 (B) of R-1670.
The unit well is this - Shell St.
#1 660/s + 2310/W sec-32-215-364.
Well is now producing from So.
Tertiary oil pool and will be
P. B. to Yates & S. R. - Jalumat Gas Pool.
Grant N.S.P. in exception to
Rule 2 of R-1670 due to 330' location
from unit line.

Thos. W. P.

Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
ROSWELL DISTRICT

T. W. Kidd
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. E. Wyche
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P. O. Drawer 1938
Roswell, New Mexico 88201

October 9, 1968



Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

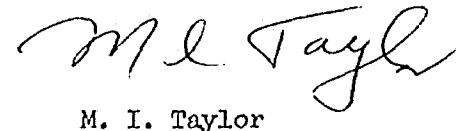
Gentlemen:

Gulf Oil Corporation as an offset operator has been informed that Mr. C. E. Long proposes to form a Jalmat nonstandard gas proration unit comprising the S/2 SW/4 of Section 32, T-21-S, R-36-E, Lea County, New Mexico. We have also been informed that the unit well is to be his No. 1 Shell-State located 2310' FWL and 660' FSL of this Section 32.

Please be advised that Gulf Oil Corporation has no objection to the above proposal.

Yours very truly,

GULF OIL CORPORATION



M. I. Taylor

JHH:dch

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

30 Oct 1968



A DIVISION OF GULF OIL CORPORATION

CASE 3953 3418 feet to 3429 feet in the Bernice Dinnin A Well No. 2 located in Unit J of Section 23, Township 20 South, Range 33 East, Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

continued:

CASE 3954: Application of C. E. Long, Jr., for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the S/2 SW/4 of Section 32, Township 21 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to his Shell-State Well No. 1 at an unorthodox location for said pool 660 feet from the South line and 2310 feet from the West line of said Section 32.

CASE 3955: Application of Yates Drilling Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation in the perforated interval from approximately 9640 feet to 9660 feet in its Lillie M. Yates Well No. 4 located in Unit D of Section 31, Township 8 South, Range 37 East, Allison Pennsylvanian Pool, Roosevelt County, New Mexico.

CASE 3956: Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the perforated interval from approximately 4411 feet to 4464 feet in its Federal AK Well No. 1 located in Unit I of Section 3, Township 19 South, Range 25 East, Penasco-Wolfcamp Pool, Eddy County, New Mexico.

CASE 3957: Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from approximately 1260 feet to 1410 feet in its A. V. Gissler Well No. 2 located in Unit B of Section 23, Township 17 South, Range 25 East, Eagle Creek-San Andres Pool, Eddy County, New Mexico.

CASE 3958: Application of Yates Petroleum Corporation for a dual completion and salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete three wells in Section 8, Township 19 South, Range 25 East, and Section 25, Township 18 South, Range 25 East, Penasco Draw-San Andres Yeso Pool, Eddy County, New Mexico, in such a manner as to permit the production of oil from the San Andres formation and the disposal of produced salt water

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

October 30, 1968

Mr. C. E. Long, Jr. DOCKET MAILED
P. O. Box 1578
Midland, Texas 79701 Date 11-7-68

Re: Application for 80-acre non-standard gas
proration unit and unorthodox location -
Shell State Well No. 1

Dear Mr. Long:

Due to the location of your Shell-State Well No. 1,
660 feet from the South line and 2310 feet from the West
line of Section 32, Township 21 South, Range 36 East,
NMPM, Jalmat Gas Pool, Lea County, New Mexico, Rule 5(B)
of Order No. R-1670, as amended, prohibits the establish-
ment by administrative order of an 80-acre non-standard
gas proration unit to be dedicated to said well.

Your application, therefore, has been set for the
November 20, 1968, Examiner Hearing.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/esr

C
O
P
Y

66-3750
C. E. LONG, JR.
BOX 1578
MIDLAND, TEXAS 79701

October 24, 1968

Mr. Malcolm L. Long, Supervisor
Unit Division
New Mexico Commissioner of Public Lands
P. O. Box 1148
Santa Fe, New Mexico 87501

Dear Mr. Long:

Thank you for sending the forms for my proposed all
State communitization.

My comparison of this form with the forms prepared and
executed between the involved parties here indicates that
this form we used last month will meet your requirements.
Therefore, I submit to you two copies of the form that El
Paso Natural Gas Company devised and had executed before
we received your forms. I trust that these forms will
serve in lieu of those you sent to me. I shall send one
copy to the New Mexico Oil Conservation Commission.

May I hear from you if further is required of me in
this matter or as soon as you take action on it.

Thank you for your help and courtesy in this matter.

Very truly yours,



C. E. Long

CEL/me
encls.

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico 87501

10-25-68 PM 3:11

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

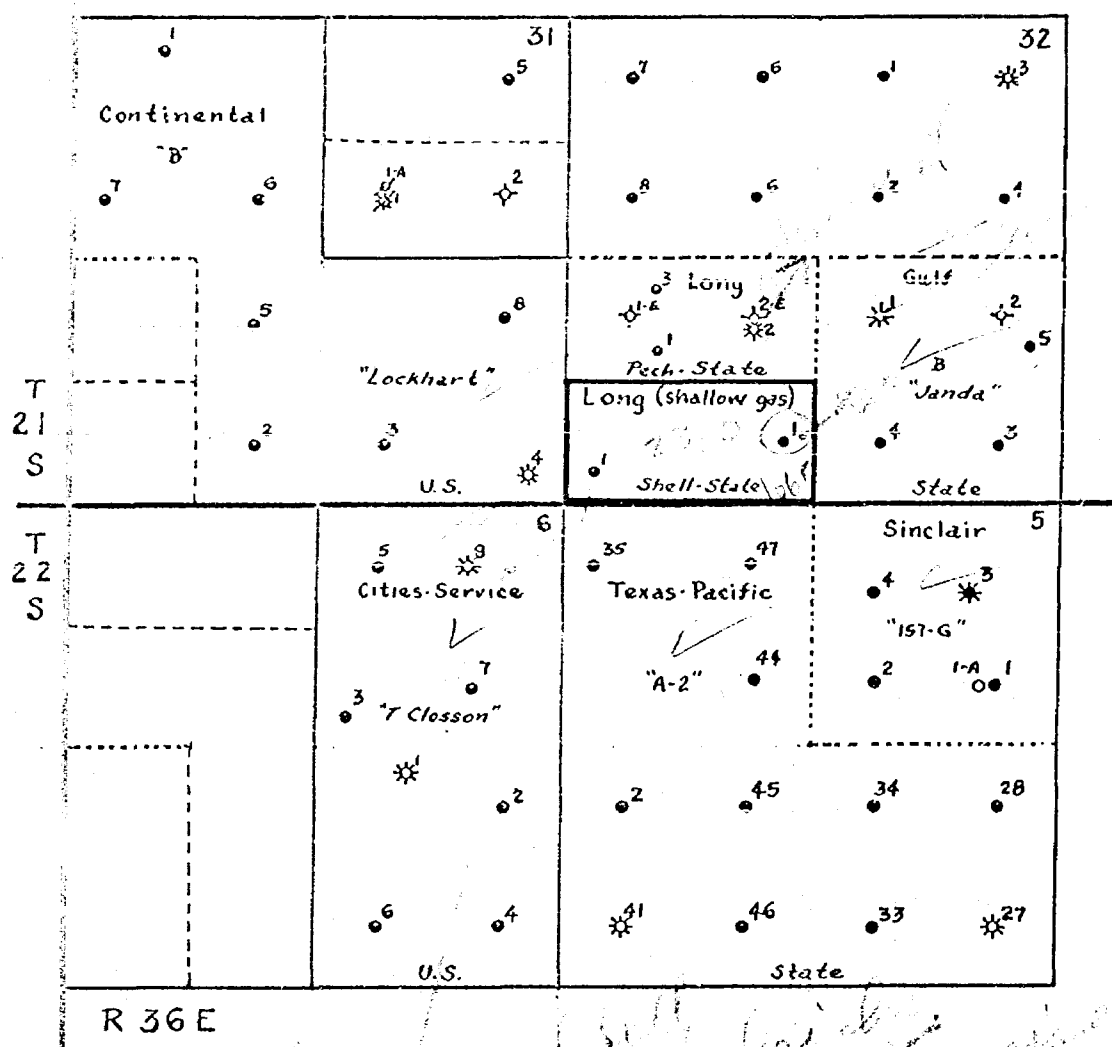


EXHIBIT A: A portion of the Jalmat and the Eumont Gas Pools and the Jalmat and South Eunice Oil Pools, South-eastern Lea County, New Mexico, showing wells and leases and wells offsetting C. E. LONG SHELL-STATE lease relative to the request for administrative Non-Standard Location Order (NSL) and for administrative Non-Standard Proration Unit Order (NSP) for the conversion of C. E. Long #1 Shell-State from South Eunice Oil Pool production to Jalmat Gas Pool production.

Scale: 1" = 2,000'

Date: 10/10/68

By: C. E. Long

| | |
|-----------------------------|-----------|
| BEFORE EXAMINER UTZ | |
| OIL CONSERVATION COMMISSION | |
| EXHIBIT NO. | <u>1</u> |
| CASE NO. | <u>34</u> |

CONTINENTAL OIL COMPANY

P. O. Box 460

HOBBS, NEW MEXICO 88240

PRODUCTION DEPARTMENT
HOBBS DIVISION
L. P. THOMPSON
Division Manager
G. C. JAMIESON
Assistant Division Manager

October 29, 1968

1001 NORTH TURNER
TELEPHONE 393-4141

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Application of C. E. Long, Jr.
for Non-standard Location and
Non-standard Gas Proration Unit
for his Shell State No. 1 -
Section 32, T21S, R36E, Lea County,
New Mexico

Gentlemen:

Continental Oil Company has been advised by Mr. C. E. Long, Jr. of his intention to recomplete the C. E. Long Shell State No. 1 well located 2310' FWL and 660' FSL, Section 32, T21S, R36E, Lea County, New Mexico as a Jalmat gas well. We have further been advised that Mr. Long intends to allocate the 3/2 SW/4 of said Section 32 to the said well for Jalmat gas proration purposes.

Continental Oil Company, an offset operator, hereby waives notice and hearing in regard to the application of C. E. Long, Jr. as described above.

Yours very truly,

CONTINENTAL OIL COMPANY


G. C. Jamieson

VTL-JS

| |
|-----------------------------|
| BEFORE EXAMINER UTZ |
| OIL CONSERVATION COMMISSION |
| EXHIBIT NO. <u>1</u> |
| CASE NO. <u>393-4141</u> |

[Handwritten signature]

C. E. LONG, JR.

OIL & GAS PRODUCER

TELEPHONE 915 • MU 3-3080

BOX 1578, MIDLAND, TEXAS 79701

WAIVER of HEARING

Application for the granting of administrative Non-Standard Location Order (NSL) and for the granting of administrative Non-Standard Proration Unit Order (NSP) for re-completion for Jalmat Gas Pool gas production (formerly South Eunice oil production) of the C. E. Long Shell-State #1 well, SE/4 SW/4, Sec 32, 21-S, 36-E, Lea County, New Mexico

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Gentlemen:

The undersigned, being an authorized representative of the offset operator, has been duly advised by C. E. Long of his intent to request the subject administrative orders, hereby waives all exceptions to the granting of these orders for this purpose.

The well to be re-completed is located 2310 feet from the west line and 660 feet from the south line of Section 32, 21-S, 36-E, Lea County, New Mexico.

Very truly yours,

BY: *[Signature]*

FOR: TEXAS PACIFIC OIL COMPANY

DATE: October 18, 1968

C. E. LONG, JR.
OIL & GAS PRODUCER
TELEPHONE 915 • MU 5-3080
BOX 1578, MIDLAND, TEXAS 79701

WAIVER of HEARING

Application for the granting of administrative Non-Standard Location Order (NSL) and for the granting of administrative Non-Standard Proration Unit Order (NSP) for re-completion for Jalmat Gas Pool gas production (formerly South Eunice oil production) of the C. E. Long Shell-State #1 well, SE/4 SW/4, Sec 32, 21-S, 36-E, Lea County, New Mexico

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Gentlemen:

The undersigned, being an authorized representative of the offset operator, has been duly advised by C. E. Long of his intent to request the subject administrative orders, hereby waives all exceptions to the granting of these orders for this purpose.

The well to be re-completed is located 2310 feet from the west line and 660 feet from the south line of Section 32, 21-S, 36-E, Lea County, New Mexico.

Very truly yours,

BY: J. C. McClure

FOR: CITIES SERVICE OIL CO.

DATE: 10/9/58

Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
ROSWELL DISTRICT

T. W. Kidd
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. E. Wyche
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

October 9, 1968

P. O. Drawer 1938
Roswell, New Mexico 88201

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Gulf Oil Corporation as an offset operator has been informed that Mr. C. E. Long proposes to form a Jariat nonstandard gas proration unit comprising the S/2 SW/4 of Section 32, T-21-S, R-36-E, Lea County, New Mexico. We have also been informed that the unit well is to be his No. 1 Shell-State located 2310' FWL and 660' FSL of this Section 32.

Please be advised that Gulf Oil Corporation has no objection to the above proposal.

Yours very truly,

GULF OIL CORPORATION



M. I. Taylor

JHH:ach

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



A DIVISION OF GULF OIL CORPORATION



SINCLAIR OIL CORPORATION

P. O. Box 1470
MIDLAND, TEXAS 79701

October 16, 1968

*CEL
file copy*

SOUTHERN REGION (WEST TEXAS)
DOMESTIC OIL & GAS DIVISION

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr.

Gentlemen:

Sinclair Oil Corporation has been advised by C. E. Long, Jr. that he intends to form a Non-Standard Gas Proration Unit for his Shell State well No. 1 in the Jalmat Gas Pool, Lea County, New Mexico. We understand that the Non-Standard Unit consist of the S/2 of the SW/4 of Section 32-21S-36E.

In addition, C. E. Long is requesting approval of an unorthodox well location, in that said well is 2310 feet from the west line and 660 feet from the south line of said Section 32.

Sinclair Oil Corporation has no objection to the granting of the above described applications, and hereby waives its rights to notice and hearing on same.

Very truly yours,

R. M. Anderson
R. M. Anderson
Region Regulatory
Engineer

RMA:occ

Orig. & 2 CC:
Mr. C. E. Long, Jr.
Box 1578
Midland, Texas 79701

Case 3954

COMMUNITIZATION AGREEMENT

Shell State #1

THIS AGREEMENT, made and entered into this 30th day of September, 1968, by and between EL PASO NATURAL GAS COMPANY, a Delaware corporation, whose address is Post Office Box 1492, El Paso, Texas 79999, (hereinafter sometimes referred to as "EL PASO") and C. E. LONG, an Individual whose mailing address is 1800 West Louisiana, Midland, Texas 79701 (hereinafter sometimes referred to as "LONG") and J. W. PEERY, an Individual whose mailing address is Post Office Box 401, Midland, Texas 79701.

W I T N E S S E T H:

WHEREAS, EL PASO NATURAL GAS COMPANY and C. E. LONG are the present owners and holders of New Mexico State Lease B-1167-27 (formerly B-1167) executed in favor of Shell Petroleum Corporation, as Lessee by the State of New Mexico as Lessor under date of September 15, 1933, embracing among other lands, the following described land in Lea County, New Mexico:

Township 21 South, Range 36 East, N.M.P.M.
Section 32: SE/4 SW/4
Containing 40.00 acres, more or less; and

WHEREAS, EL PASO NATURAL GAS COMPANY and J. W. PEERY are the present owners and holders of New Mexico State Lease B-1398-15 (formerly B-1398) executed in favor of Shell Petroleum Corporation, as Lessee by the State of New Mexico as Lessor under date of December 3, 1932, embracing among other lands, the following described land in Lea County, New Mexico:

Township 21 South, Range 36 East, N.M.P.M.
Section 32. SW/4 SW/4
Containing 40.00 acres, more or less; and

WHEREAS, the parties hereto desire to communitize and pool the above described oil and gas leases, insofar as the above leases cover the above described land, in order to form one tract or drilling unit for the production of dry gas and associated liquid hydrocarbons from the Formations covered by the Jalmat Pool, as follows:

Township 21 South, Range 36 East, N.M.P.M.
Section 32: S/2 SW/4
Containing 80.00 acres more or less

WHEREAS, in order to be consistent with the existing rules and regulations covering well spacing and production allowables, the parties hereto

desire to operate the entire Communitized Tract for the purpose and intention of developing and producing dry gas and associated liquid hydrocarbons from the Formations covered by the Jalmat Pool as an entirety in accordance with the terms and provisions of this Agreement;

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

1. The lands subject to this Agreement shall be developed and operated for dry gas and associated liquid hydrocarbons producible from the Formations covered by the Jalmat Pool as an entirety with the understanding and agreement that the dry gas and associated liquid hydrocarbons so produced from the above described communitized tract, shall be allocated among the leaseholds comprising said acreage in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed hereto. The royalties payable for dry gas and associated liquid hydrocarbons so allocated to the lands comprising the leaseholds and the rentals provided for therein shall be determined and paid on the basis respectively prescribed in the individual leases.

2. Long shall be the unit operator of said communitized tract and all matters of operation and adjustments between the working interest owners shall be performed by Long. There shall be no obligation on Long to offset any dry gas well or wells on separate component tracts into which said communitized unit is now or may hereafter be divided, nor shall Long be required to separately measure said dry gas and associated liquid hydrocarbons by reason of the diverse interest in the dry gas in and under said tracts, but Long shall not be released from his obligation to protect said communitized unit from dry gas well or wells which may be drilled offsetting said tract.

3. Except as herein modified and changed, said Oil and Gas Leases hereinabove described shall remain in full force and effect as originally made and issued. It is further agreed that the commencement, completion, continued operation or production of a well or wells for dry gas and associated liquid hydrocarbons on the communitized tract from the Formations covered by the Jalmat Pool as an entirety shall be construed and considered as the commencement, completion, continued operation or production as to each lease committed hereto.

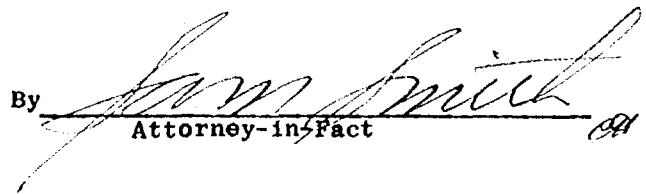
4. This Agreement shall be effective as of the date hereof, upon execution by the parties hereto, notwithstanding the date of execution, and shall remain in force and effect for a period of one (1) year and so long thereafter as dry gas and associated liquid hydrocarbons are produced from any part of said communitized unit in paying quantities, provided that prior to production in paying quantities from said communitized unit and 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.

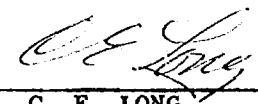
5. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their heirs, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first hereinabove written.

EL PASO NATURAL GAS COMPANY

By


Attorney-in-Fact


C. E. LONG


J. W. PEERY

STATE OF TEXAS)

COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 10th day of October, 1968, by SAM SMITH as Attorney-in-Fact for EL PASO NATURAL GAS COMPANY, a Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.

Theresa L. Rouse
Notary Public in and for El Paso
County, Texas

My Commission Expires:

June 1, 1969

STATE OF TEXAS)

COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 1st day of October, 1968, by C. E. LONG.

Witness my hand and official seal.

Gloria Pearson
Notary Public in and for Midland
County, Texas

My Commission Expires:

June '69

STATE OF TEXAS)

ECTOR
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 30th day of September, 1968, by J. W. PEERY.

Witness my hand and official seal.

Nelle Healy (Nelle Healy)
Notary Public in and for Midland
County, Texas Ector

My Commission Expires:

June 1, 1969

EXHIBIT "A"

Shell State #1

Attached to and made a part of that Communitization Agreement dated September 30, 1968, by and between El Paso Natural Gas Company, C. E. Long and J. W. Peery covering S/2 SW/4 of Section 32, Township 21 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

Operator of Communitized Area: C. E. Long

Description of Leases Committed: El Paso Natural Gas Company and J. W. Peery: B-1398-15.
El Paso Natural Gas Company and C. E. Long: B-1167-27.

Tract No. 1

Lessor: State of New Mexico Acting By and Through Its Commissioner of Public Lands

Lessee of Record: El Paso Natural Gas Company and J. W. Peery

Serial No. of Lease: B-1398-15

Date of Lease: December 3, 1932

Description of Lands Committed: T-21-S, R-36-E, Section 32: SW/4 SW/4

Number of Acres: 40.00

Working Interest Owner and Percentage: El Paso Natural Gas Company: 100%

Overriding Royalty Owner and Percentage: None

Tract No. 2

Lessor: State of New Mexico Acting By and Through Its Commissioner of Public Lands

Lessee of Record: El Paso Natural Gas Company and C. E. Long

Serial No. of Lease: B-1167-27

Date of Lease: September 15, 1933

Description of Lands Committed: T-21-S, R-36-E, Section 32: SE/4 SW/4

Number of Acres: 40.00

Working Interest Owner and Percentage: El Paso Natural Gas Company: 100%

Overriding Royalty Owner and Percentage: None

33 OCT 30 AM 3 38
100-3954

C. E. LONG, JR.
OIL & GAS PRODUCER
TELEPHONE 915 - MU 3-3080
BOX 1578, MIDLAND, TEXAS 79701
October 29, 1968

State of New Mexico Oil Conservation Commission
Box 2082
Santa Fe, New Mexico 87501

Gentlemen:

Re: C. E. LONG Shell-State
Lease, SE/4 SW/4, Section
32, 21-S, 36-E, Lea County
New Mexico

I have forwarded communitization agreements intended to combine the subject acreage with SW/4 SW/4, Section 32, 21-S, 36-E, for an 80 acre Jalmat GasPool proration unit.

This is my application for the administrative granting of a non-standard location order (NSL) and a non-standard proration unit order (NSP) for the conversion of my #1 Shell-State well, located (Unit N) 2310 feet from the west line and 660 feet from the south line, Sec. 32, 21-S, 36-E, from oil production in the South Eunice Pool to gas production in the Jalmat Gas Pool. Proposed gas production perforations will be in the Jalmat gas zone. The old South Eunice oil production perforations will be cement squeezed and plugged.

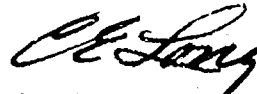
The attached plat shows the subject lease, well locations, ownership of offsetting acreage, etc.

Other attachments are waivers in this matter signed by the following offset operators:

| | |
|----------------------------|--------------------------|
| The Gulf Oil Corporation | Sinclair Oil Corporation |
| Cities Service Oil Company | Continental Oil Company |
| Texas Pacific Oil Company | |

Please let me know if further conditions are to be met for the granting of these requested administrative orders.

Very truly yours,


C. E. Long

CEL/me
encls.

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

62 3084

WAIVER of HEARING

Application for the granting of administrative Non-Standard Location Order (NSL) and for the granting of administrative Non-Standard Proration Unit Order (NSP) for re-completion for Jalmat Gas Pool gas production (formerly South Eunice oil production) of the C. E. Long Shell-State #1 well, SE/4 SW/4, Sec 32, 21-S, 36-E, Lea County, New Mexico

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Gentlemen:

The undersigned, being an authorized representative of the offset operator, has been duly advised by C. E. Long of his intent to request the subject administrative orders, hereby waives all exceptions to the granting of these orders for this purpose.

The well to be re-completed is located 2310 feet from the west line and 660 feet from the south line of Section 32, 21-S, 36-E, Lea County, New Mexico.

Very truly yours,

BY: *Sevott*
FOR: TEXAS PACIFIC OIL COMPANY
DATE: October 18, 1968

Case 1984

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

WAIVER OF HEARING

Application for the granting of administrative Non-Standard Location Order (NSL) and for the granting of administrative Non-Standard Proration Unit Order (NSP) for re-completion for Jalmat Gas Pool gas production (formerly South Eunice oil production) of the C. E. Long Shell-State #1 well, SE/4 SW/4, Sec 32, 21-S, 36-E, Lea County, New Mexico

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Gentlemen:

The undersigned, being an authorized representative of the off-set operator, has been duly advised by C. E. Long of his intent to request the subject administrative orders, hereby waives all exceptions to the granting of these orders for this purpose.

The well to be re-completed is located 2310 feet from the west line and 660 feet from the south line of Section 32, 21-S, 36-E, Lea County, New Mexico.

Very truly yours,

BY: J. C. McClure

FOR: CITIES SERVICE OIL CO.

DATE: 10/9/58

Case 3954

Gulf Oil Company - U.S.

EXPLORATION AND PRODUCTION DEPARTMENT
ROSWELL DISTRICT

T. W. Kidd
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. E. Wyche
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

October 9, 1968

P. O. Drawer 1938
Roswell, New Mexico 88201

Oil Conservation Commission
State of New Mexico
Post Office Box 2036
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

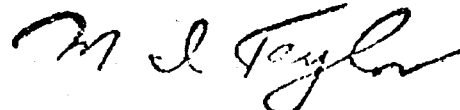
Gentlemen:

Gulf Oil Corporation as an offset operator has been informed that Mr. C. E. Long proposes to form a Jalmat nonstandard gas proration unit comprising the S/2 SW/4 of Section 32, T-21-S, R-36-E, Lea County, New Mexico. We have also been informed that the unit well is to be his No. 1 Shell-State located 2310' FWL and 660' FSL of this Section 32.

Please be advised that Gulf Oil Corporation has no objection to the above proposal.

Yours very truly,

GULF OIL CORPORATION



M. I. Taylor

JTH:dh

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



A DIVISION OF GULF OIL CORPORATION



File 3954

CONTINENTAL OIL COMPANY

P. O. Box 460

HOBBS, NEW MEXICO 88240

PRODUCTION DEPARTMENT
HOBBS DIVISION
L. P. THOMPSON
Division Manager
G. C. JAMIESON
Assistant Division Manager

1001 NORTH TURNER
TELEPHONE 393-4141

October 29, 1968

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Application of C. E. Long, Jr.
for Non-standard Location and
Non-standard Gas Proration Unit
for his Shell State No. 1 -
Section 32, T21S, R36E, Lea County,
New Mexico

Gentlemen:

Continental Oil Company has been advised by Mr. C. E. Long, Jr. of his intention to recomplete the C. E. Long Shell State No. 1 well located 2310' FWL and 660' FSL, Section 32, T21S, R36E, Lea County, New Mexico as a Jalmat gas well. We have further been advised that Mr. Long intends to allocate the S/2 SW/4 of said Section 32 to the said well for Jalmat gas proration purposes.

Continental Oil Company, an offset operator, hereby waives notice and hearing in regard to the application of C. E. Long, Jr. as described above.

Yours very truly,

CONTINENTAL OIL COMPANY


G. C. Jamieson

VTL-JS

P I O N E E R I N G I N P E T R O L E U M P R O G R E S S S I N C E 1 8 7 5



SINCLAIR OIL CORPORATION

P. O. Box 1470
MIDLAND, TEXAS 79701

October 16, 1968

SOUTHERN REGION (WEST TEXAS)
DOMESTIC OIL & GAS DIVISION

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Attn: Mr. A. L. Porter, Jr.

Gentlemen:

Sinclair Oil Corporation has been advised by C. E. Long, Jr. that he intends to form a Non-Standard Gas Proration Unit for his Shell State well No. 1 in the Jalmat Gas Pool, Lea County, New Mexico. We understand that the Non-Standard Unit consist of the S/2 of the SW/4 of Section 32-21S-36E.

In addition, C. E. Long is requesting approval of an unorthodox well location, in that said well is 2310 feet from the west line and 660 feet from the south line of said Section 32.

Sinclair Oil Corporation has no objection to the granting of the above described applications, and hereby waives its rights to notice and hearing on same.

Very truly yours,

R. M. Anderson
Region Regulatory
Engineer

RMA:occ

Orig. & 2 CC:
Mr. C. E. Long, Jr.
Box 1578
Midland, Texas 79701

C. E. LONG, JR.
OIL & GAS PRODUCER
TELEPHONE 915 • MU 3-3000
BOX 157B, MIDLAND, TEXAS 79701

Case 3954

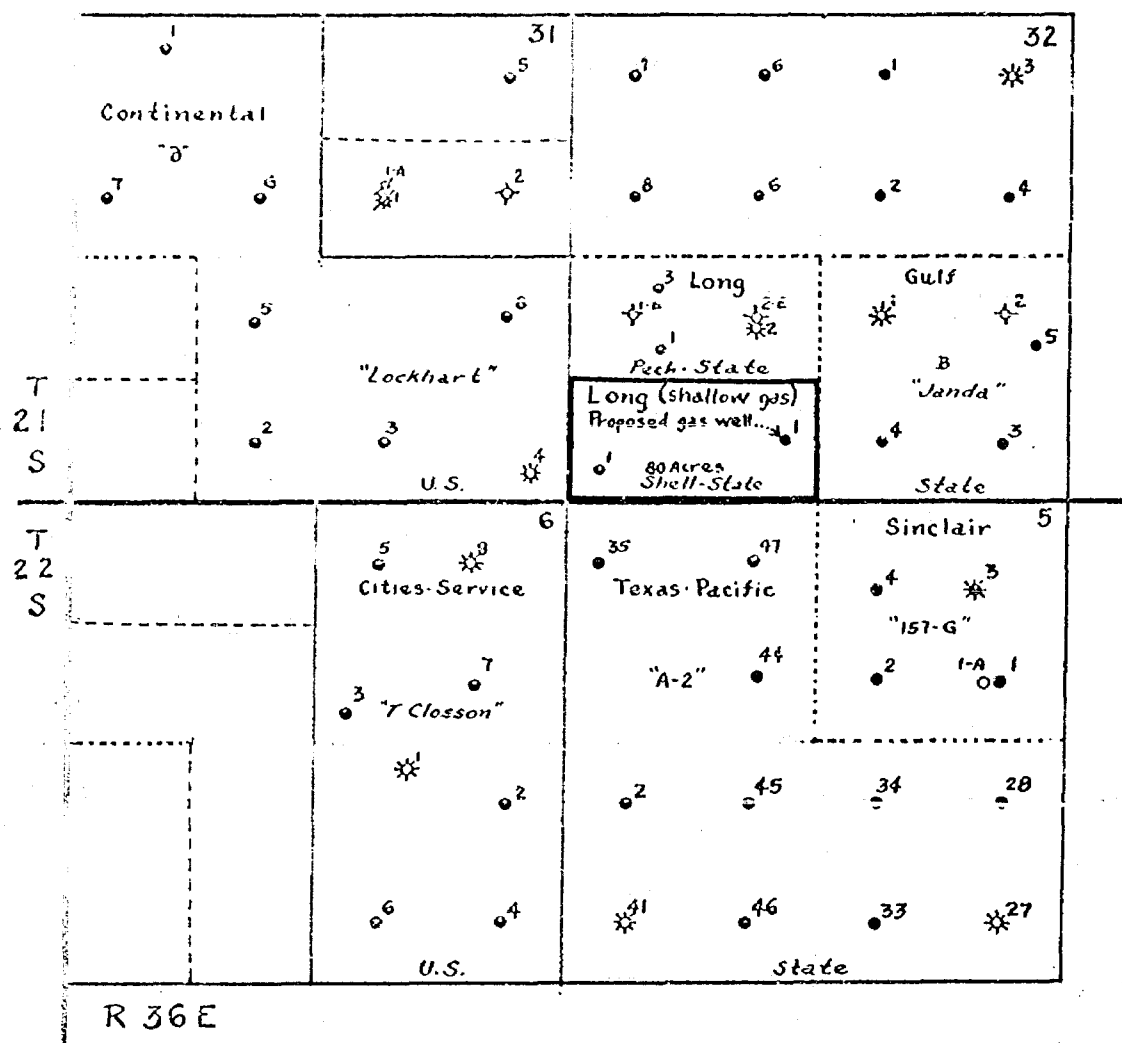


EXHIBIT A: A portion of the Jalmat and the Eumont Gas Pools and the Jalmat and South Eunice Oil Pools, South-eastern Lea County, New Mexico, showing wells and leases and wells offsetting C. E. LONG SHELL-STATE lease relative to the request for administrative Non-Standard Location Order (NSL) and for administrative Non-Standard Proration Unit Order (NSP) for the conversion of C. E. Long #1 Shell-State from South Eunice Oil Pool production to Jalmat Gas Pool production.

Scale: 1" = 2,000'

Date: 10/10/68

By: C. E. Long

DRAFT

GMH/esr
11-21-68

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. 3954

Order No. R-3597

APPLICATION OF C. E. LONG, JR.,
FOR A NON-STANDARD GAS PRORATION
UNIT AND AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

8:30

This cause came on for hearing at 9 a.m. on November 20, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of November, 1968, 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, Jr., is the owner and
operator of the Shell State Well No. 1, located 660 feet from
the South line and 2310 feet from the West line of Section 32,
Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That said well is presently completed in the South
Eunice Pool; that the well is uneconomic to produce from said
zone.

(4) That the applicant proposes to plug off the South
Eunice zone in said well, recomplete the well in the Jalmat Gas
Pool, and to dedicate an 80-acre non-standard gas proration unit
comprising the S/2 SW/4 of said Section 32 to the subject well.

(5) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the subject well as recompleted.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That an unorthodox location is hereby approved for the C. E. Long, Jr., Shell State Well No. 1, to be recompleted, 660 feet from the South line and 2310 feet from the West line of Section 32, Township 21 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(2) That an 80-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the S/2 SW/4 of Section 32, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the aforesaid C. E. Long, Jr., Shell State Well No. 1.

(3) 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.