

Case No.

640

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Application, Transcript,  
Small Exhibits, Etc.

CASE 680: Grover C. Conrad month-  
odex gas proration unit, Jalco Pool  
W/2 E/2 20-26S-37E

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
at  
Santa Fe, New Mexico

Transcript of Hearing in  
Case Nos. 680, 681, 682  
and 683

Continued.

April 13, 1954

Regular Hearing.

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 105-106, EL CORTEZ BLDG.  
PHONES 7-9646 AND 8-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

IN THE MATTER OF:

Application of Grover C. Conrad for approval of  
unorthodox gas proration unit in the Jalco Gas Pool: } Case No. 680  
W/2 E/2 20-26S-37E.

Application of Grover C. Conrad for approval of  
unorthodox gas proration unit in the Jalco Gas Pool: } Case No. 681  
N/2 NW/4 21-26S-37E.

Application of Grover C. Conrad for approval of  
unorthodox gas proration unit in Jalco Gas Pool: } Case No. 682  
S/2 NE/4 and E/2 SE/4 17-26S-36E.

Application of Grover C. Conrad for approval of  
unorthodox gas proration unit in the Jalco Gas Pool: } Case No. 683  
E/2 W/2 17-26S-37E.

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- REGISTER -

NAME	REPRESENTING	LOCATION
W. D. Girand, Jr.	Grover Conrad	Hobbs, New Mexico
J. W. Baulch	El Paso Natural Gas	Jal, New Mexico
R. T. Wright	El Paso Natural Gas	Jal, New Mexico
R. L. Hamblin	El Paso Natural Gas	El Paso, Texas
F. Norman Woodruff	El Paso Natural Gas	Houston, Texas
R. F. Montgomery	O. C. C.	Hobbs, New Mexico
Fred G. Bernard	El Paso Natural Gas	Jal, New Mexico
Jerry C. Zink	El Paso Natural Gas	Jal, New Mexico
S. J. Stanley	O. C. C.	Hobbs, New Mexico

TRANSCRIPT OF PROCEEDINGS

MR. SPURRIER: Meeting will come to order.

MR. GIRAND: W. E. Girand on behalf of Grover C. Conrad. It

ADA DEARNLEY & ASSOCIATES  
STENOGRAPHIC REPORTERS  
ROOM 105-106-107 EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9346  
ALBUQUERQUE, NEW MEXICO

was my understanding 680 through 683 were consolidated at the last hearing and can be treated as one case, and in that connection, we would like to advise the Commission that we are now under contract with the El Paso Natural Gas for the sale of these leases, and in light of that we would like to continue the cases for the time being until an appropriate order can be proposed to the Commission. I don't feel like taking any activity in the matter with the contract of oil pending with the El Paso at the present time.

MR. SPURRIER: Is there objection to counsel's motion? Mr. Hamblin.

MR. HAMBLIN: Hamblin with the El Paso Natural Gas Company. We would like to withdraw our objection to the finding of unorthodox locations and join in with Mr. Girand in asking for the unorthodox location.

MR. SPURRIER: Seems to be no reason to continue the case then. We take it under advisement until we hear from you.

MR. HAMBLIN: We would like to withdraw our motion to continue in light of the statement of El Paso and submit the matter on the record as it stands.

MR. MACEY: Mr. Spurrier, there is the point, under the rules, if you are going to put those units in the storage area, they are not subject to the rules of the Jalco Pool. And, therefore, we couldn't write an order approving an unorthodox unit using a rule that doesn't apply to the storage area. If you are going to put them in the unit area or the storage area, there is no reason for an unorthodox unit, is there?

MR. HAMBLIN: Yes, there is. We do intend to commit them, part of them are within all but 80 acres. We would like to commit

them to the Rhodes Storage Reservoir. We do have a reason for getting the order because under the terms of the Format agreement it is necessary to drill a well on each legal well's spacing. In other words, we have to drill a well and have all the acreage committed to a legal well spacing before we earn rights under the acreage. If we do not get an unorthodox location, we will probably have to drill three additional wells which would be unnecessary, any way would be used in the Rhodes Storage Reservoir. Probably, any more drilled, any more drilled now will be unnecessary also.

MR. SPURRIER: Mr. Girand.

MR. GIRAND: I just want to corroborate that fact. As I understand it, the acreage that would be subject to being committed to the area would you not necessarily have to be, and if the El Paso wanted to go ahead and have the units created as applied for, then at a later time decided to commit them to the unit, they could or could not as a policy, isn't that right, Norman?

MR. WOODRUFF: That is correct.

MR. GIRAND: That is what I understood.

MR. SPURRIER: Does it occur to you that the acreage will either come under the Jalco Pool Rules, or else El Paso will ask for a hearing before this Commission to approve that unit? Both, either it's present size or the enlarged acreage.

MR. HAMBLIN: That is correct. In connection, checking up on it, I find the Oil Conservation Commission on June 23, 1948 in Case No. 140, Order 172, moved the Rhodes state unit.

MR. SPURRIER: State unit?

MR. HAMBLIN: Yes.

MR. SPURRIER: Which consists of how many acres?

MR. HAMBLIN: Actually I think it is 800 acres.

MR. SPURRIER: I think it is too, but I think you should include that whole area, as any other unit. And before this acreage can be included as part of the unit, it will be necessary to have a hearing.

MR. MACEY: Why can't we, if the Commission wants to go ahead-- this is off the record.

MR. SPURRIER: Off the record.

(Discussion off the record.)

MR. WOODRUFF: It is El Paso's intention to try to clean up house in the Rhodes Storage Area. At such time as this is accomplished, it is obvious it will be to the advantage of the Commission to be acquainted with the operation of the Rhodes Storage Unit and we will at that time come before the Commission and give full hearing on this operation.

MR. SPURRIER: Well, I think Mr. Girand's proposal to go ahead and issue an order for the units and then take up the unit agreement is the proper order and that is what I will recommend to the Commission. Anyone have anything else?

MR. GIRAND: I promised the Commission I would furnish them a copy of the Format agreement under which the applicant was operating at the last hearing, and if you want it in the record I will offer it at this time, otherwise --

MR. MACEY: I don't see any reason.

MR. SPURRIER: I think we will just do without it.

MR. GIRAND: I don't want to encumber the record.

MR. HAMBLIN: We have one question, whether on the record or off the record, we don't care. They have gone ahead and made a test

of the Rhodes Storage Unit reservoir and pressures. We had said we would do it the last time and present it this time for hearing. We wonder if the Commission would like to have that information available at this time.

MR. SPURRIER: As far as I am concerned, no.

MR. HAMBLIN: I think it might be advisable to put that all in one case.

MR. GIRAND: At one time. I think that would be better also.

MR. SPURRIER: You will make application for a hearing for approval of the unit area after we issue the order for the proration unit.

MR. HAMBLIN: Yes, sir, and after we are able to get all the acreage we can committed we will come in and make application.

MR. SPURRIER: Off the record.

(Discussion off the record.)

MR. SPURRIER: Anything else?

(Discussion off the record.)

MR. SPURRIER: If there is nothing further we will take the case under advisement and I will recommend to the Commission what I already said for the record. Meeting is adjourned.

#### C E R T I F I C A T E

I, MARIANNA MEIER, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Cases 680, 681, 682, and 683, were taken by me on April 13, 1954, that the same is a true and correct record to the best of my knowledge, skill and ability.

*Marianna Meier*  
Reporter

ADA DEARNLEY & ASSOCIATES  
STENOGRAPHIC REPORTERS  
ROOM 105-106-107 EL CORTEZ BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO





BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 680  
Order No. R-472

THE APPLICATION OF GROVER C. CONRAD  
FOR AN ORDER GRANTING APPROVAL OF  
AN EXCEPTION PURSUANT TO RULE 7 (a)  
OF ORDER NO. R-368-A IN ESTABLISHMENT  
OF AN UNORTHODOX GAS PRORATION UNIT  
OF 160 CONTIGUOUS ACRES CONSISTING OF  
WEST HALF OF THE EAST HALF OF SECTION  
20, TOWNSHIP 26 SOUTH, RANGE 37 EAST,  
LEA COUNTY, NEW MEXICO IN THE JALCO  
GAS POOL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m., on March 17, 1954  
and on April 13, 1954, at Santa Fe, New Mexico, before the Oil Conservation  
Commission, hereinafter referred to as the "Commission".

NOW, on this 27<sup>th</sup> day of May, 1954, the Commission, a quorum  
being present, having considered the records and testimony adduced, and being  
fully advised in the premises;

FINDS:

(1) That due notice of the time and place of hearing and the purpose  
thereof having been given as required by law, the Commission has jurisdiction  
of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 7 (a) of Order No. R-368-A,  
the Commission has power and authority to permit the formation of a gas  
proration unit consisting of other than a legal quarter section after notice and  
hearing by the Commission.

(3) That applicant, Grover C. Conrad, is the owner of an oil and gas  
lease in Lea County, New Mexico the land consisting of other than a legal  
quarter section, and described as follows, to-wit:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM  
W/2 E/2 of Section 20

containing 160 acres, more or less.

(4) That applicant, Grover C. Conrad proposes to drill a well on  
the aforesaid lease to be located 1980' from the North line and 1980' from the  
East line of Section 20, Township 26 South, Range 37 East.

(5) That the aforesaid well will be located within the limits of the  
pool heretofore delineated and designated as the Jalco Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the East half of Section 20, Township 26 South, Range 37 East, NMPM, and that the owners of adjoining acreage in said half section have not objected to the formation of the proposed proration unit of 160 acres.

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover his just and equitable share of the natural gas in the Jalco Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, will protect correlative rights, and is necessary to prevent confiscation of applicant's property.

IT IS THEREFORE ORDERED:

(1) That the application of Grover C. Conrad for approval of an unorthodox proration unit consisting of the following described acreage:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM  
W/2 E/2 of Section 20

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, to be located in the SW/4 NE/4 of Section 20, Township 26 South, Range 37 East, NMPM, shall be granted an allowable in accordance with the rules of the commission in the proportion that the above described 160 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
E. S. WALKER, Member

  
R. R. SPURRIER, Secretary-Member

(S E A L)

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

June 7, 1954

Mr. W. D. Girand, jr.  
Box 1326  
HOBBS N M

Dear Mr. Girand:

We enclose copies of the orders issued by the Commission  
in Cases 680, 681, 682 and 683, heard upon petition of  
your client. Grover Conrad.

Very truly yours,

W. B. Macey  
Chief Engineer

WBM:nr

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BEFORE THE OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
SANTA FE, NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF GROVER C. CONRAD FOR EXCEPTION  
TO RULE 7 OF ORDER NO. R-368-A,  
ESTABLISHING AN UNORTHODOX 160 ACRE  
PRORATION UNIT COMPRISED OF THE  
W $\frac{1}{2}$ E $\frac{1}{2}$  OF SECTION 20, TOWNSHIP 26  
SOUTH, RANGE 37 EAST, N.M.P.M., LEA  
COUNTY, NEW MEXICO, THE WELL TO BE  
LOCATED 1,980 FEET WEST OF THE EAST  
LINE AND 1,980 FEET SOUTH OF THE  
NORTH LINE OF SAID SECTION.

Case No. 480

COMES NOW Grover C. Conrad and files this his application for exception to Rule 7 of Order No. R-368-A establishing an unorthodox gas proration unit to be composed of the W $\frac{1}{2}$ E $\frac{1}{2}$  of Section 20, Township 26 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The unit is located within the delineated area of the Jalco Pool. The well is to be drilled at a point located 1,980 feet South of the North line and 1,980 feet West of the East line of said section, and for cause would show:

1. That applicant is the owner of the oil and gas lease covering the properties described in the application and a well located at such point will adequately drain the acreage covered in the application.

2. That the acreage dedicated to the proposed unit has the same Western boundary line as that described in the area known as the Rhodes Storage Area, but lies without the area dedicated to the Rhodes Storage Area under Unit Agreements entered into between certain operators, the El Paso Natural Gas Company, the United States Government and the State of New Mexico. Unitization of said acreage with other acreage contained within the section is impractical.

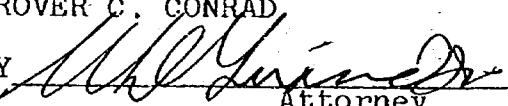
WHEREFORE, applicant prays that upon a hearing the Commission grant applicant an exception to Rule 7 of Order No. R-368-A and establish as a proration unit under the rules of the Commission, governing the proration units in the Jalco Pool, the W $\frac{1}{2}$ E $\frac{1}{2}$  of said section as one proration unit of 160 acres

and grant unto said unit the allowable authorized for 160  
acre proration units.

Respectfully submitted,

GROVER C. CONRAD

BY

  
Attorney

G/cl