

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.

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: W/2 E/2 20-26S-37E.	}	Case No. 680
Application of Grover C. Conrad for approval of unorthodox gas proration unit in the Jalco Gas Pool: N/2 NW/4 21-26S-37E.	}	Case No. 681
Application of Grover C. Conrad for approval of unorthodox gas proration unit in Jalco Gas Pool: S/2 NE/4 and E/2 SE/4 17-26S-36E.	}	Case No. 682
Application of Grover C. Conrad for approval of unorthodox gas proration unit in the Jalco Gas Pool: E/2 W/2 17-26S-37E.	}	Case No. 683

* * * * *

- 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

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 adviseable 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