

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

CASE 596:

In the matter of the application of El Paso Natural Gas Company for compulsory unitization of the E/2 of Section 32, Township 30 North, Range 8 West, San Juan County, New Mexico; or, in the alternative, for approval of an unorthodox drilling unit of 280 acres, more or less, in the E/2 of said Section 32, Township 30 North, Range 8 West.

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TRANSCRIPT OF HEARING

October 15th, 1953

BEFORE: Honorable Ed. L. Mechem, Governor  
Honorable E. S. Walker, Land Commissioner  
Honorable R. R. Spurrier, Director, OCC

STATE OF NEW MEXICO     )  
                                  ) ss  
COUNTY OF BERNALILLO    )

I HEREBY CERTIFY THAT the within transcript of proceedings before the Oil Conservation Commission is a true record of the same to the best of my knowledge, skill and ability.

DONE at Santa Fe, N.M., this 17th day of October, 1953.

Margie C. Allan  
Reporter

SWORN TO before me this 17th day of October, 1953.

Moore  
Notary Public

My Commission Expires:

My Commission Expires January, 24, 1954



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COM. SPURRIER: Let us move on to Case 596.

BEN HOWELL: My name is Ben Howell and I represent the El Paso Natural Gas Company. Roland Hamblin and Foster Morrell are also here. Will they have to be sworn again?

COM. SPURRIER: We will remind them that they have been sworn.

MR. HOWELL: Will you please take the stand, Mr. Hamblin?

R. L. HAMBLIN

having previously been sworn, testified as follows:

DIRECT EXAMINATION

BY MR. HOWELL:

Q Will you state your name for the record and also whether or not you are connected with the El Paso Natural Gas Company?

A Roland Hamblin and I am connected with the El Paso Natural Gas Company.

Q Are you the Manager of the Lease Department?

A Yes, I am the Manager of the Lease Department.

Q Are you familiar with lease ownership in the E/2 of Section 32, Township 30 North, Range 8 West in San Juan County?

A Yes, I am.

Q Will you state briefly what is the ownership of the oil and gas lease interest in that half section?

A El Paso Natural Gas Company is the owner of 160 acres, being the NE/4 of Section 32. Skelly Oil Company is the owner of 80 acres and Gordon Rohles is the owner of 40 acres.

Q Now how much has been committed to the communitization agreement?

A There are 280 acres in the communitization agreement.

Q Has it been filed?

A That is on file with the Commissioner of Public Land.

Q And what is the 40 acres that is not included in this Agreement?

A State of New Mexico lease E-2869, which is the SW/4 of the SE/4 of Section 32 NW.

Q Who is apparent owner of that oil and gas lease?

A Gordon Rohles.

Q Will you please state to the Commission briefly the efforts that you have made to obtain Mr. Rohles' consent to join in the communitization in drilling a well or in the buying of his leasehold interest?

A On June 3rd, 1953, we wrote Mr. Gordon Rohles and asked him for information as to his lease, but did not receive a reply. We wrote him another letter dated July 10th. Before that time, after we had obtained his ownership, I went back to Elgin, Illinois and contacted his Mother, in connection with an offer to buy this acreage or

invite them to join with us in the drilling of a well. He was not present.

Q About what time was that?

A That was approximately the third day of July, 1953. On July 10th, having received no definite answer, we wrote Mr. Gordon Rohles a registered letter offering him fifty dollars an acre for his forty acres or asking him to join with us in drilling a well. He refused in a letter of July 17th and he asked \$100 an acre for his acreage. We had further additional correspondence - a letter to Mr. Rohles dated July 27th stated the fact that we could not pay the \$100. per acre that he asked and a letter dated August 1st from Mr. Rohles advising us he was still holding out for \$100. an acre.

Q Have you, in the last day or so, received any further communication from Mr. Rohles?

A Yes, sir, we did receive just recently a letter dated October 9th, 1953 which was received on October 13th which we believe to be a conditional acceptance of one of our offers contained in our letters, in which he did agree to join with us in the drilling of this well.

Q Will you read that letter?

A Mr. R. L. Hamblin  
El Paso Natural Gas Co.  
Tenth Floor, Bassett Tower  
El Paso, Texas

Re: State of New Mexico  
Lease E - 2869  
SW/4 SE/4 Sec. 32-30N-8W

Gentlemen:

After giving the matter considerable thought, I have decided to accept the offer outlined to me in your letter of August 27th, outlining to me as and if I pool my acreage with you on this well, you agree to take my share of the well costs out of 75% of my share of the production until such well costs were paid, and after that I would receive one-eighth of the profit.

You also agreed to handle the probate of my deceased father's estate in the State of New Mexico.

I appreciate your advice in the matter and the time which you have granted me to consider your proposal.

Yours very truly,

GORDON ROHLES

"

Q (Mr. Howell) Is that clear in your mind as to what terms are acceptable to him?

A That is due to the definition or his use of "1/8th of net profits" and also the cost of probating his deceased father's estate.

Q So that matter has not been settled?

A No, it has not been settled in detail.

Q Are you willing to negotiate, if it is possible to do so, an agreement upon terms whereby the Company would advance his share of the cost provided we can make a recovery out of the net profits?

A We are acceptable to negotiating with Mr. Rohles and we did advise him by letter of October 15th that we are acceptable to this and sent him a communitization agreement and we have attempted

to explain more fully and settle the question of one-eighth of net profits and the matter of probating his father's estate.

Q (MR. WHITE:) Mr. Hamblin, is the well already drilled?

A The well is completed. It is a commercial well with a potential of 7,600 -

Q When does Mr. Rohles' lease expire?

A It did expire August 11th, 1959.

Q And he did make an offer in which he is willing to sell you his lease for \$100.00 an acre?

A That is correct. He said he would sell his lease at \$100.00 an acre plus a 5% override.

Q (By Mr. Howell) Would you be willing to accept that offer and buy that lease?

A No.

Q (By Mr. White) Was that well in when he made that offer?

A No, it was not. We made an offer and he said he would hold out for \$100.00 per acre prior to the completion date of the well.

COM. SPURRIER: Does anyone else have a question for this witness? If not, the witness may be excused.

(Witness excused.)

FOSTER MORRELL

having previously been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. HOWELL:

Q Will you please state your name for the record?

A Foster Morrell.

Q Have you testified before the Commission before?

A Yes, sir.

Q You have heard the testimony of Mr. Hamblin with reference to this 320 acre tract?

A Yes.

Q Does that lie within the area the Commission has determined, that for the conservation of natural resources, required 320 acres spacing from Mesa Verde?

A The well is located in that area.

Q Is communitization of that 120 acres necessary to permit the owner of each tract to recover his just and equitable share of the gas underlying the 320 acres?

A The communitization, in my opinion, would be necessary for that purpose.

COM. SPURRIER: Does anyone have a question of this witness? If not, the witness may be excused.

(Witness excused.)

MR. HOWELL: I would suggest that this matter be taken under advisement. We are continuing negotiations and if we can reach an agreement, we will notify you promptly.

COM. SPURRIER: The case will be taken under advisement.

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