

ATWOOD & MALONE  
LAWYERS

JEFF D. ATWOOD (1883-1960)  
ROSS L. MALONE  
CHARLES F. MALONE  
E. KIRK NEWMAN  
RUSSELL D. MANN  
PAUL A. COOTER  
BOB F. TURNER

TELEPHONE MAIN 2-6221  
ROSWELL PETROLEUM BUILDING  
ROSWELL, NEW MEXICO

AUGUST  
2nd  
1961

New Mexico Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

Re: Case No. 2346 - Application for Pan  
American Petroleum Corporation

Gentlemen:

We are resident counsel for Pan American Petroleum Corporation in the captioned case and as such wish to enter our appearance therein. It is anticipated that the presentation of the case before the Commission will be made by Mr. Guy Buell, an employee of Pan American Petroleum Corporation and a member of the State Bar of Texas.

Very truly yours,

ATWOOD & MALONE

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C

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v

Cc: Mr. J. K. Smith  
Mr. Guy Buell

By: 

**VERITY, BURR & COOLEY**  
ATTORNEYS AND COUNSELLORS AT LAW  
SUITE 152 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO

GEO. L. VERITY  
JOEL B. BURR, JR.  
WM. J. COOLEY

August 7, 1961

TELEPHONE 325-1702

Mr. A. L. Porter  
Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Mr. Porter:

Re: Case No. 2346  
Application of Pan American  
Petroleum Corporation for  
force pooling in the S 1/2  
of Section 24, Township 29 N.,  
Range 12 West, N.M.P.M., in  
San Juan County, N. M.

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This is to advise that there is an unusual situation with respect to the above referenced case inasmuch as there is presently pending Cause No. 4687-Civil, in the United States District Court for the District of New Mexico, the basic issue of which is the validity of a certain oil and gas lease presently held by Pan American Petroleum Corporation covering the following described property belonging to James E. Crawford, et al, to-wit:

Section 24, Township 29 North, Range 12 West,  
N.M.P.M., in San Juan County, New Mexico:

Northeast Quarter of the Southwest Quarter  
(NE $\frac{1}{4}$ SW $\frac{1}{4}$ );  
Northwest Quarter of the Southeast Quarter  
(NW $\frac{1}{4}$ SE $\frac{1}{4}$ );  
Southwest Quarter of the Southwest Quarter  
(SW $\frac{1}{4}$ SW $\frac{1}{4}$ );  
West Half of the Southeast Quarter of the  
Southwest Quarter (W $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ ), excepting and  
excluding the surface rights only in a 5-acre  
tract conveyed to Casimiro Saiz, as is fully  
described and shown in that certain deed re-  
corded in Book 207, at Page 154 of the records  
of San Juan County, New Mexico.

Page #2  
Mr. A. L. Porter  
Oil Conservation Comm.  
8/7/61

As attorney for James E. Crawford, et al, I am authorized to state that my clients have no objection to a force pooling order on the South 1/2 of Section 24, provided said order is conditioned upon the outcome of said United States District Court Case No. 4687, and provided, further, that your order does not contain any risk penalty provision.

There are only two possible decisions that the United States District Court could hand down in the above referenced case: ie. (1) that the above described acreage is subject to a valid lease presently held by Pan American Petroleum Corporation, in which case your order would have the effect of pooling the Crawford royalty only; or, (2) that the above described acreage is not presently subject to a valid oil and gas lease, in which case your order should make the usual provisions with regard to unleased lands and provide that the recoupment of costs by Pan American Petroleum Corporation should be had only out of 7/8ths of the production attributable to the above described lands.

Assuming that your order will contain provisions substantially the same as those set forth above, I am of the opinion that it is to the best interests of all concerned to proceed with the pooling of this acreage in order to prevent further drainage by offset wells.

Yours very truly

  
William J. Cooley

WJC/m