

JOHNSTON JEFFRIES

ATTORNEY AT LAW

AZTEC, NEW MEXICO

January 8, 1965

Mr. Don Jensen
c/o Crystal Trading Post
Chrystal, New Mexico

Dear Don:

This is a brief report on the hearing in Santa Fe before the Oil Conservation Commission, on the application to force-pool the working interests on the small 3-1/2 acre tract in connection with the Nell Hall well. The attorney for the Commission had formerly informed me that in his opinion the matter would be handled informally and that, since the former Order had authorized us to force-pool this acreage as well as any other that had not been included in the non-standard unit formerly established, there would probably be no objections.

I naturally was not prepared for a strenuous legal argument. However, I was very surprised that a member of the largest oil and gas law firm in the state appeared on behalf of Beta Development Company and raised numerous highly technical legal objections to the granting of the relief asked for in our application. He even attacked the first Order of the Commission, which authorized that any person with land in the E-1/2 of the particular section involved, which had not been leased and included in the first unit, to later force-pool their working interest, and contended that the Commission had no jurisdiction to enter such Order. The Commission took the matter under advisement and I left a short note with the attorney who I know was also surprised at the objections, asking him to give me an opportunity to present our side of the legal argument in the event the Commission was inclined to go along with the objections and perhaps not grant our application. I think that the application will be granted, but wanted you to know what transpired.

In my opinion, one of two things happened. Either the attorney for Beta Development wanted to make a big showing for his client who was present, or Beta Development is very mad about our action in not going along with everything they wanted you to do over our dealings in the past several years. It looked somewhat like they merely wanted to be contrary and make what trouble they could.

During recess I talked to Mr. Qowan about the surface damages to the land involved in the Scott well and he led me to believe they would offer practically nothing, because there were no growing crops. As I indicated in a former letter, I believe we should get an appraisal from a real estate broker as to the estimated damage, so that we will have a professional witness backing us up.

I will await hearing further from the Commission and from their attorney and will let you know as soon as I learn anything about what action will be taken.

Very truly yours,

JJ/b

cc - Mr. Brimhall
Mr. Emery Arnold



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FROM: SAC, NEW YORK
SUBJECT: [Illegible]

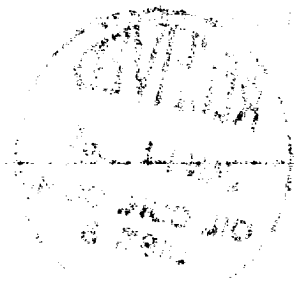
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