

OCV

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June 23, 1977

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In Re: NMOCC Case No. 5930  
W $\frac{1}{2}$  Sec. 7, T-22-S, R-27-E, NMPM  
Eddy County, New Mexico

Mr. John C. Cook  
Property Tax Department  
Bataan Memorial Building  
Santa Fe, New Mexico 87503

Dear Mr. Cook:

Please refer to your letter of June 6th, 1977, addressed to C & K Petroleum, Inc., in connection with the captioned NM Oil Conservation Commission case No. 5959.

Since I have done some of the work in connection with titles on the W $\frac{1}{2}$  Sec. 7, T-22-S, R-27-E, NMPM, I am taking the liberty of answering your letter for C & K.

I am quite sure that the property in question consists of scattered town lots within the San Jose or South San Jose subdivision within the City of Carlsbad that were deeded to the State for non-payment of taxes by the owners. I would guess that the total acreage involved will be maybe less than one acre.

I cannot give you a legal description of the lot, or lots, however it is assumed that the Eddy County Assessor will furnish you this information as requested. Some of the property may still be within the redemption period, however if I recall correctly, there are one or two lots that were deeded to the State over 10 years ago, and if so, these lots would clearly be State property.

C & K Petroleum will be more than happy to do whatever is necessary to make some sort of arrangement with the State as to the lots that are State property, and I assume that you could either sell the property by tax sale, or maybe have the Commissioner of Public Lands lease the property for Oil & Gas.

The lots that are still within the redemption period pose another problem, and all that can be done in this situation is locate the owner and redeem, however most of the lots are "covered up" with paving, sewer and water liens, and in some cases you will find judgment liens. I am not sure what liens and judgments are "cut off" by a tax sale, however they would still be in effect if the property were redeemed.

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In other words, most of the owners would not redeem the property if we could find them, and the property, including minerals, is not worth the cost of finding the owners, redeeming, and paying judgments and liens.

MMOCC case No. 5939 is simply an effort to pool all mineral owners of any interest in the W $\frac{1}{2}$  of Sec. 7 into a 320 acre State prescribed proration unit for Pennsylvanian gas, and I would suppose that this same problem has arisen before.

In any event, from a legal standpoint, you have opened a real "can of worms" and after you have received a list of the property from the Eddy County Assessor, you might contact Oscar Jordan, attorney for the State Land Office.

I am sorry that it has taken so long to answer your letter. The letter was addressed to the Houston office of C & K; they did not know what to do with it, and it was forwarded to Midland; Midland did not know what to do with it, and it was forwarded to me, and I do not know what to do other than to advise that the problem is a real "mess."

I really would suggest that in this case your department simply submit to the forced pooling of the proration unit and be simply another unleased mineral owner within the proration unit. You might discuss this with both Mr. Jordan and Mr. Dan Nutter with the OCC.

C & K, and myself, will be glad to cooperate with you, and the State, in any way possible, however the well may be down and producing before anyone finds the answer. I might also mention that the amount of money with which you are concerned is practically zero, and it would cost the State and C & K many times more than the property is worth to take technical legal action, either through redemption, tax sales, or issuing an Oil and Gas Lease through the State Land Office.

Thank you and please advise if we can be of any further help, and I hope that this has helped answer your question.

Yours truly,

R. M. Richardson

RMR:rb

Xerox Copy: Oscar Jordan  
Dan Nutter - OCC ✓  
Eddy County Assessor  
C & K Petroleum, Inc.