

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 26, 1961

Mr. Frank F. Coon  
2121 Summit Avenue  
Baltimore 6, Maryland

Dear Mr. Coon:

Governor Mechem has handed me your letter of April 19, 1961, in which you have requested information on the status of your property in Eddy County, New Mexico, relative to the recent force-pooling order issued by the Oil Conservation Commission.

By Commission Order No. R-1880, a copy of which is enclosed, all of the mineral interests in the S/2 of Section 21, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, were force-pooled to form a 322.5-acre gas proration unit, which unit was dedicated to a well operated by the Yates Petroleum Corporation located on that acreage.

This order was issued pursuant to Section 65-3-14 (c) of the New Mexico Statutes Annotated, 1953 Compilation, and its effect is to place the mineral interest in your acreage into a common pool with the mineral interests of all other persons in the 322.5-acre unit in order that a well can be economically drilled and assigned a full allowable. Were it not for this law and its resulting effect on small and large mineral interests alike, it might prove impossible in certain instances to ever drill a well on a unit where the ownership is diverse.

The effect of this force-pooling order upon you is to recognize you as a royalty owner to the extent of 1/8 of your proportionate interest in the 322.5-acre tract and to recognize you as the owner of what is termed a working interest in the remaining 7/8 of your proportionate interest in the unit. As you will note in the order, this means that

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

-2-

April 26, 1961

Mr. Frank F. Coon  
Baltimore 6, Maryland

C  
O  
P  
Y

you will receive payment, without charge for operating costs, for your royalty interest beginning with the first cubic foot of gas that is produced from the well on the unit. You will also receive payment for your working interest, but rather than receiving any money immediately, this payment will be delayed until 125 per cent of your proportionate share of the well costs have been paid out of money from the production of gas. It is possible, and even probable, that in several years the well will be paid for and you will then begin receiving payments for your working interest. These payments, when received, will be seven times as great as the amount you will be then receiving for your royalty interest.

As you see, the concept of force-pooling and its application in this case does not in any way deprive you as a mineral interest owner from just compensation for the oil and gas under your land. In fact, were it not for this order, it is quite probable that you would never derive any benefit from your mineral interest ownership in this land. It might be pointed out that force-pooling affects only the mineral interest ownership and does not in any way affect the surface ownership of the land.

I am hoping that this explanation of the effect of force-pooling will be of some help to you in understanding the status of your property.

If I may be of further assistance, please let me know.

Very truly yours,

A. L. PORTER, Jr.,  
Secretary-Director

ALP/RSM/esr  
Enclosure

cc: Governor Edwin L. Mechem

C

*To Pat. Porter*

FRANK F. COON  
2121 Summit Avenue  
Baltimore 6, Maryland  
4-19-61

APR 21 7 AM '61

RECEIVED  
OFFICE OF THE GOVERNOR  
SANTA FE, N.M.

Office of the Governor  
Santa Fe, New Mexico.

Gentlemen :

My Father Franklin F. Coon purchased a lot herin described about 1914 ( exact date unknown) and I have been paying the taxes on this property since 1945 when my Father died and the last few years I have received a lot of correspondence relative to this lot and have actually received an offer of \$ 1.67 to part with this lot.

I would like to have some information on this lot as I am unable to examine it personally at this time and the enclosed papers will explain what I have in mind. After holding this property for nearly 50 years I refuse to give it away and of course I can't give information as to what is meant by this forced pooling. We had only a few days notice that this hearing was to be held and of course I could offer no protest. It is not my intention to be stubborn and place obstacles in the way of any efforts to do what is in the interest of the greatest number of people. All I want is to get a descent offer on this property otherwise I will continue to pay taxes on it as we have been doing.

I have a birth certification stating that my Fathers name was Franklin and evidently he put this lot in my name unknown to me and as he left no will my Brother who was the executor has told me that my Father wanted me to have this lot and that he would do anything I asked to see that it belongs to me. I would like to get the title changed to my Wife and Son Charles and I would like to know just what is the value of this property. We have written to a Lawyer and found out that he was representing the interested parties known as Yates and of course his information was no good to us. I have prepared a will as I am over 60 and I want to arrange my personal affairs in a business like manner in the interest of those that will be left behind and that I cannot do until I can get more information as to the possibilities of this property.

Any information that you may pass on to me and my heirs will be most appreciated.

*Frank F. Coon*

Thank you,

FRANK F. COON  
2121 Summit Avenue  
Baltimore 6, Maryland



309 CARPER BUILDING  
ARTESIA, NEW MEXICO

April 13, 1961

S. P. YATES  
PRESIDENT  
HARVEY E. YATES  
VICE PRESIDENT  
MARTIN YATES, III  
VICE PRESIDENT  
JOHN A. YATES  
SECRETARY  
HUGH W. PARRY  
TREASURER

Frank F. Coon  
2121 Summit Avenue  
Baltimore 6, Maryland

Re: North Dayton  
Block 24 Lot 13  
Containing .09039256  
acres, more or less

Dear Mr. Coon:

We completed our Yates Petroleum Corporation Bob Gushwa #1 gas well, located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  Section 21, Township 18 South, Range 26 East, February 23, 1961. This appears to be a good gas well at 9,200 feet. We are enclosing a plat showing the location of the well in the S $\frac{1}{2}$  of Section 21 and the approximate location of your acreage.

By order of the New Mexico Oil Conservation Commission they have designated the S $\frac{1}{2}$  of Section 21 as a gas unit to be produced from this well and have issued an order force pooling all of the acreage within this S $\frac{1}{2}$  of Section 21 and we will produce this well according to their order. From this order we are authorized to recup a 125% of our cost from your proportionate interest under the well from 7/8ths of the revenue. After we have received 125% of the cost of drilling and producing the well we will then have to suspend this interest until you have brought your abstract down to date and made your title merchantable. After which we could pay you your part of production after operating cost.

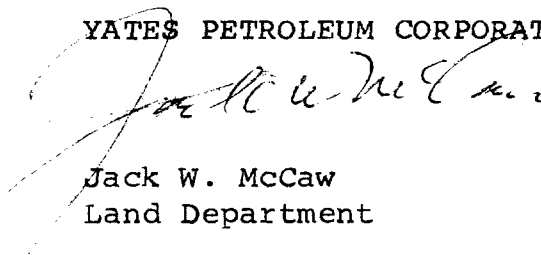
By the time we take 125% of our cost back and you do the legal work necessary to make your title merchantable, you can see it will probably be several years before you will realize anything from this property. If you could see fit to give us a lease on this lot we think it would be simpler for everybody concerned and we could probably over a period of years with your help make your title merchantable.

Page 2

Please let us know what you would like to do and if there is any further information that you need, please let us know.

Yours very truly,

YATES PETROLEUM CORPORATION

A handwritten signature in dark ink, appearing to read "Jack W. McCaw", is written over the typed name and title.

Jack W. McCaw  
Land Department

JWM:dp

Enc. 1