

Case No.

374

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 30, 1955

Mr. Oliver Seth
Seth & Montgomery
111 San Francisco St.
Santa Fe, New Mexico

Re: Greenbrier Oil Company
Palmer No. 1 Well, Rio
Arriba County, New Mexico
NE/4 SW/4 SE/4 Sec. 1, Twp.
24 North, Range 2 West

Dear Sir:

Reference is made to your letter of September 29th pertaining to the above-captioned well. In order for this Commission to approve the transfer of the above-captioned well from Greenbrier Oil Company to R. J. Palmer, it will be necessary for Mr. Palmer to execute Commission Form C-103 showing thereon the transfer of ownership. Before the Commission can approve this transfer it will be necessary for Mr. Palmer to obtain a \$5,000.00 one-well bond in accordance with Commission Rule 101.

I am instructing our Astec Office to cancel the previous form which granted permission to Greenbrier Oil Company to plug and abandon the well. When Mr. Palmer has executed the proper forms, we will release Greenbrier Oil Company from the plugging bond insofar as this well is concerned.

Very truly yours,

W. B. Macey
Secretary - Director

WMH:bp
CC-Mr. Thomas McKenna
302 East Palace
Santa Fe, N. M.

Mr. H. J. Guthmann
Plaza Building
Santa Fe, N. M.

Mr. Emory Arnold
Oil Conservation Commission
Astec, N. M.

C
O
P
Y

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
JUSTIN T. REID

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
III SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

29 September 1955

Case 574

Oil Conservation Commission
State Capitol Building
Santa Fe, New Mexico

Re: Palmer No. 1 Well, Rio
Arriba County, New Mexico
NE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 1. Twp.
24 N., R. 2 W.

Gentlemen:

You will recall that the above well was the subject of a hearing held before the Commission in Case No. 574 and which case, after final disposition by the Commission, was appealed to the District Court. The appeal has been now dismissed and R. J. Palmer has undertaken the operation and has assumed ownership of the well.

We hereby request approval of the transfer to the said R. J. Palmer and request that Greenbrier Oil Company be released from its obligation to plug the well, and be released under the plugging bond as far as this particular well is concerned. It is further requested that the bonding company be released insofar as this particular well is concerned.

Greenbrier Oil Company has heretofore requested permission to abandon the well. In view of the change of ownership, Greenbrier Oil Company does hereby withdraw its request for permission to abandon and requests that any permission to abandon that has heretofore been given by the Oil Conservation Commission be revoked.

Very truly yours,

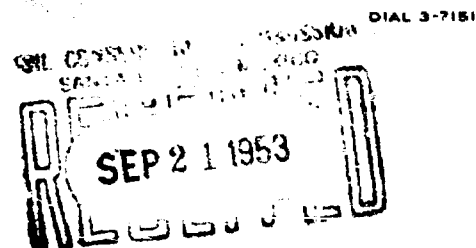
Oliver SETH

OS/p

POST OFFICE BOX 487

H. J. GUTHMANN
ATTORNEY AT LAW
PLAZA BUILDING
SANTA FE, NEW MEXICO

September 18, 1953



Mr. R. R. Spurrier
Oil Conservation Commission
State Capitol
Santa Fe, New Mexico

Dear Dick:

Enclosed herewith are copies of the two letters
which were introduced in the hearing of the
application of Roger J. Palmer which was held
yesterday. With kindest regards, I remain

Sincerely yours,

HJG
H. J. GUTHMANN

HJG:ms
Enc. 2

(Exhibit 73)

GREENBRIER OIL CO.
Hamm Building
Saint Paul 2, Minnesota
Telephone CEDar 5513

May 28, 1953

Mr. H. J. Guthmann
Attorney at Law
Plaza Building
Santa Fe, New Mexico

RE: New Mexico, Rio Arriba County
Roger J. Palmer Lease

Dear Mr. Guthmann:

As you know, the Roger J. Palmer lease entered into on the 11th day of November, 1949, between Mr. Palmer, as Lessor, and Frank B. Murta and Russell Cobb, as Lessee, and subsequently assigned to the partners of Greenbrier Oil Company, was amended on May 12, 1952. The Amendment changed the date for payment of shut-in gas royalty in lieu of rentals to May 15 of each year in place of the November 19th rental date, and it was because of this change that the shut-in royalties were inadvertently overlooked.

Under the lease as amended, we will remove casing and any other equipment on the leasehold now that Mr. Palmer has terminated the lease. However, before doing so, we would appreciate advice from you or your client as to the terms, if any, upon which this lease, as amended, might be reinstated.

Perhaps you are familiar with the fact that the value of the shut-in well on this lease is highly questionable for the reason that its potential production is very small, and for the more important reason that lack of development in the area makes it extremely unlikely that any pipeline will be brought in within any reasonable period. Therefore, there is no disposition on our part to spend any substantial sum of money over and above payments provided for in the lease as amended to reinstate the lease.

Because we wish to proceed with reasonable promptness to remove casing, we would appreciate a reply to this letter as promptly as possible, but will wait fifteen days from the date hereof before arranging to salvage the casing and equipment.

Very truly yours,

GREENBRIER OIL COMPANY

By: /s/ R. W. Anderson

R. W. Anderson

RSH;awr

(Exhibit 14)

BUNDLIE, KELLEY, FINLEY AND MAUN
Attorneys at Law
425 Hamm Building
Saint Paul 2, Minnesota

June 19, 1953

Mr. H. J. Guthmann
Attorney at Law
Plaza Building
Santa Fe, New Mexico

RE: New Mexico, Rio Arriba County
Roger Palmer Lease
H-183, M-45

Dear Mr. Guthmann:

Your letter of June 16, 1953, addressed to Mr. R. W. Anderson of Greenbrier Oil Company, has been referred to us by our client, Greenbrier Oil Company.

As indicated to you in prior correspondence, our client has no interest whatever in entering into a new lease on the Palmer property upon terms in excess of those contained in the old lease as amended.

Since the general rule established by various Courts' decisions is to the effect that a lessee, upon expiration or other termination of the lease, may enter and remove personal property including casing, tubular goods, etc. even without any provision to that effect in the lease, we fail to see any justification whatever for Mr. Palmer's position that Greenbrier Oil Company has no right to remove said casing and tubular goods. Even without the rule of law established by the decisions, such action is clearly provided for in the lease itself.

Should it become necessary to do so, we are prepared to bring the necessary proceedings to establish our rights in this respect.

Very truly yours,

BUNDLIE, KELLEY, FINLEY AND MAUN

/s/ Ronald S. Hazel

By: Ronald S. Hazel

RSCH:awr

STATE OF NEW MEXICO)
COUNTY OF RIO ARriba)

IN THE DISTRICT COURT

R. J. PALMER,

Plaintiff,

vs.

NO. 6177

OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO,
and
GREENBRIER OIL COMPANY,
a partnership,

Defendants.

PETITION FOR REVIEW

Comes now R. J. PALMER, by his attorneys, H. J. GUTHMANN and ROSENBA & ROSENBA, and for his Petition for Review, states and alleges:

1. That he is a resident of the County of Rio Arriba, State of New Mexico, and that the property herein involved is located in Rio Arriba County, State of New Mexico.

2. That he is informed and believes that the defendant, Greenbrier Oil Company, is a partnership, but that he has been unable to determine the names of the said partners; and that the Oil Conservation Commission of the State of New Mexico is a duly and legally constituted administrative body of the State of New Mexico.

3. That in August of 1953 the plaintiff filed his application with the Oil Conservation Commission of the State of New Mexico, hereinafter called "Commission", for a permanent order prohibiting defendant, Greenbrier Oil Company from removing, taking, or in any other manner interfering with the tubing, casing, or other equipment located in or on the Palmer No. 1 well, NE 1/4 of SE 1/4, Sec. 1, Twp. 24 N., R. 2 W., N.M.P.M., Rio Arriba County, State of New Mexico, and also requesting an emergency order.

4. That under date of August 21, 1953, the defendant, Commission, issued its emergency order, E-4, restraining the Greenbrier Oil Company and its agents, or either of them, from taking any action in any manner, or attempting to take any action in any manner to pull or remove any of the tubing or casing or other

equipment now located in the said well, or in any other manner interfering with the present status of the said well.

5. That on September 17, 1953, the application of the plaintiff came on for hearing before the defendant Commission, and under date of November 10, 1953, the Commission found:

- Admitted*
- (1) "That due notice was given as required by law, and the interested parties appeared in person and/or by their respective attorneys;"
 - (2) "That testimony adduced at the hearing indicates that the possibility of waste resulting from plugging and abandonment of the subject well is remote in view of the production estimates which, if reasonably correct, would not permit recovery of original drilling costs within the foreseeable future;"
 - (3) "That the ownership of the properties and the legal relationship of the parties in the matter are outside the jurisdiction of the Commission, and, based on such findings, ordered:
 - I. "That the petition of R. J. Palmer, plaintiff, be and the same is hereby dismissed;"
 - II. "That the emergency order of the Commission, dated August 21, 1953, being Order E-4, in Case No. 574, is hereby revoked;"

6. That on November 27, 1953, the plaintiff filed his application for rehearing, with such application being based on the following grounds and reading literally as follows; to-wit:

Admitted

1. Finding No. 3 of said Order which reads, 'that the ownership of the properties and the legal relationships of the parties in the matter are outside the jurisdiction of the Commission', is completely erroneous and without support in fact and law as a basis for refusing the relief requested since the applicant did not request a determination of the ownership as between the parties of the lease or the properties involved and, furthermore, the jurisdiction of the Commission as to conservation and preventing of waste are present and exist regardless of the ownership of the lease or the properties involved.

2. By its Finding No. 2, the Commission admits that it has jurisdiction over the subject matter of the application, but sets forth in part of its finding that 'the possibility of waste resulting from plugging and abandonment of the subject well is remote in view of the production estimates which, if reasonably correct, would not permit recovery of original drilling costs within the foreseeable future,' which part of the finding the applicant states is erroneous for the following reasons:

- (a) The testimony and evidence adduced and admitted in the form of shut-in royalty payments by the Greenbrier Oil Company show that the Greenbrier Oil Company viewed the Palmer No. 1 well profitable, or that it would be made more profitable;
- (b) The evidence adduced showed that a valuable discovery of natural gas had been made in the Palmer No. 1 well;

- (c) As a matter of engineering and expert testimony, the well possibly could be reworked for the purpose of shutting off the water and increasing the well potential;
- (d) The gas now capable of being produced could be sold and utilized successfully by the neighboring community of Lindrith, New Mexico;
- (e) The Commission's jurisdiction cannot and is not predicated upon the necessity of any operator being able to recover original drilling costs within any period of time;
- (f) The Commission's jurisdiction is based on conservation, which includes in its meaning the elements of preservation as well as upon waste which is defined in Section 69-203 of the same New Mexico Statutes as "Waste, IN ADDITION to its ordinary meaning, shall include: (a) Underground waste; (b) Surface waste, as those words are generally understood in the oil and gas business and in any event, to embrace the unnecessary or excessive surface loss or destruction without beneficial use, however caused, of natural gas of any type or in any form . . .".
- (g) If the casing and tubing are pulled, Palmer No. 1 well would be ruined and destroyed resulting in waste and violating the principles of conservation.
- (h) Sound principles of conservation are not furthered by allowing the plugging and abandonment of the Palmer #1 well completed as a producer for the following reasons:
 - (1) The applicant can and will upon demand submit the usual plugging bond with the Oil Conservation Commission and thereupon the responsibility of the Greenbrier Oil Company will terminate as to plugging and abandonment;
 - (2) The Greenbrier Oil Company's desire to pull the casing and tubing and other equipment is predicated solely upon its desire to secure the casing and the tubing or its value through resale;
 - (3) Such casing or tubing and other equipment is not so unique or unavailable that it cannot be purchased on the open market;
 - (4) Any action on the part of the Commission in enjoining the removal of the casing and tubing and other equipment does not in any manner destroy the claim of the Greenbrier Oil Company for the reasonable value of the casing and tubing and other equipment that could be recovered.

7. That the plaintiff states that the order of the defendant Commission, entered November 10, 1953, was and is erroneous for the reasons as stated in its application for rehearing set out in Paragraph 6 above.

8. That the defendant Commission failed to act on the application for rehearing of the plaintiff within ten (10) days after its filing, which failure to act is deemed a refusal to rehear and a final disposition of such request for rehearing.

9. That pursuant to Section 69-223, New Mexico Statutes Annotated, 1941

as amended,
Compilation, the plaintiff hereby appeals from the action of the Commission in refusing to grant the requested rehearing.

10. That the Order of the defendant Commission, as hereinbefore alleged, is invalid and if enforced against plaintiff will cause him to suffer irreparable injury.

WHEREFORE, plaintiff prays that this Court vacate the order of the defendant Commission entered November 10, 1953, and that this Court issue its Order prohibiting the defendant Greenbrier Oil Company from removing, taking, or in any other manner interfering with the tubing, casing, or other equipment located in or on the Palmer No. 1 Well, NE $\frac{1}{4}$ SW $\frac{1}{4}$ of the SE $\frac{1}{4}$, Sec. 1, Twp. 24 N., R. 2 W., E.M.P.M., Rio Arriba County, State of New Mexico, and that such other and further relief be granted to the plaintiff as may be proper in the premises.

H. H. GUTHMANN
Plaza Bldg., Santa Fe, N.M.
MCKINNA & SOMMER
302 E. Palace Ave., Santa Fe, N.M.
Attorneys for Plaintiff

By:

/s/ H. J. Guthmann
H. J. Guthmann

STATE OF NEW MEXICO }
COUNTY OF SANTA FE } ss.

H. J. GUTHMANN, being first duly sworn on oath, deposes and states: That he is one of the attorneys for the plaintiff herein; That he has read the foregoing Petition for Review and believes the matters alleged therein to be true; That he knows the contents of the foregoing Petition for Review; And that he is signing this Affidavit because the plaintiff herein is not a resident of Santa Fe County, New Mexico, the County in which the Offices of your Affiant are located; and as to the information alleged on belief, he believes the same to be true.

/s/ H. J. Guthmann
H. J. Guthmann

Subscribed and sworn to before me this 24th day of December, 1953.

(SEAL)

/s/ Margaret S. Sebastian
Notary Public

My Commission Expires: 9-18-55

H. J. GUTHMANN
ATTORNEY AT LAW
PLAZA BUILDING
SANTA FE, NEW MEX.
DIAL 3-7151

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Santa Fe, New Mexico
September 17, 1953

In the Matter of:

The application of R. J. Palmer for
order prohibiting Greenbrier Oil Com-
pany from removing, taking or in any
other manner interfering with the
tubing, casing or other equipment
located in or on the Palmer No. 1
Well, NE/4 SW/4 SE/4 of Section 1,
Township 24 North, Range 2 West, NMPN
Rio Arriba County, New Mexico.

Case No. 574

TRANSCRIPT OF HEARING

MR. SPURRIER: The meeting will come to order, please. We have had several requests to jockey these cases around and change the order on them. We don't know quite how to arrange things to everyone's advantage, so we are going to take them in the order in which they have been set. The next case on the Docket is Case 574.

(Notice of Publication read by Mr. Graham)

MR. McKENNA: We have two witnesses - Mr. Lunt and Mr. Palmer. Let the record show that Mr. H. J. Gutthman and Tom McKenna are appearing for Mr. Palmer.

(Witnesses sworn)

R. J. PALMER

after having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. McKENNA:

Q. Will you state your name?

A. R. J. Palmer

Q. Where do you live, Mr. Palmer?

A. On my farm near Lindrith, N.M.

Q. Are you the owner of Section 1, Township 24 North, Range 2 West?

A. I am.

Q. Is that land under lease to anyone at all? By that I mean, is it under any oil and gas lease?

A. No, sir.

Q. Has there been a well completed on Section 1-24N-2W?

A. Well, now completed ---

Q. I'm talking about - has Greenbrier Oil Company drilled a well in Township 24N, R. 2 West?

A. Yes, sir.

Q. When did they drill this well?

A. In 1952, I believe - 1951.

Q. Was it in the fall of 1951?

A. In the summer of 1951.

Q. Do you know what the status of this well is now? By that I mean what condition is the well in now? Is it a shut-in well, is it actually producing, or what?

A. Well, I think it is a shut-in well.

Q. Have you every had any discussion with Greenbrier Oil Company or any of its representatives when they were drilling this well or after the well had been completed and had been in a shut-in stage? By that I mean, has anyone every told you - a representative of the Greenbrier Oil Company, just what this well did show, what the potentialities of the well are?

A. Well no, they never would give me any information that they thought would be of any benefit to me.

Q. Did they give you any indication that the well may be, that it may have been a valuable discovery of gas?

A. Yes, sir.

Q. When was this conversation carried on?

A. Well -- when they was there - I talked to Harry Miller.

Q. Who was Harry Miller?

A. He was a field man representing the Greenbrier Oil Company.

Q. Now, after that conversation with Mr. Miller of Greenbrier, did you ever have any subsequent conversations with Mr. Miller or any representative of the Greenbrier, after this well was shut-in?

A. Well---

Q. Did anyone take any action in connection with this well - did they move any equipment on it or anything like that?

A. Yes. Let's see - last spring they moved in a sputter rig there to set up over the well there for ten days waiting for orders but I guess they never did do anything, I guess they never got any orders.

Q. What is the present status of the well? Is it still a shut-in well?

A. That there's what I think, what I know.

Q. Mr. Palmer, did you enter into any sort of an amendment or ratification on the oil and gas lease which you originally had and which was then subsequently transferred and if you did, I ask you if this is the amendment that you entered into?

A. Yes, sir, it is.

Q. Can you tell the Commission the date of that amendment?

A. May, 1952.

Q. Do you know what the contents of this amendment are, this paper. Well, what does it do, what does it provide for? I call your attention to Paragraph 1 wherein they talk about shut-in royalty. What does that agreement attempt to do in connection with the shut-in royalty? Does it provide for shut-in royalty to you.

A. I think so. That would be the way I would understand it.

MR. McKENNA: If the Commission please, I would like to read Paragraph 1 and the preamble to this agreement which states: "that a test well for oil on state land to a great extent has been recovered and gas has been recovered in paying quantities." I offer this in evidence.

(Marked for identification)

MR. SPURRIER: Is there objection to the admittance of this evidence? If not, it will be admitted.

(Direct Examination Continued)

By Mr. McKenna:

Q. Mr. Palmer, I hand you a check, a photostatic copy of a check which is made payable to Roger J. Palmer and signed by Greenbrier Oil Company and is dated May 8, 1952 in the amount of \$50.00. Can you tell the Commission what that check was for?

A. Well, it's payment of this here -- on this well.

Q. Was that the shut-in royalty payment?

A. Yes, sir, shut-in royalty payment, as I understood it.

Q. And that was on the Greenbrier Palmer #1?

A. Yes, sir, Greenbrier Palmer #1.

Q. And that is the well we are talking about here?

A. That is the well we are talking about here.

MR. McKENNA: I'd like to offer the check by Greenbrier Oil Company, in evidence.

MR. SPURRIER: Is there objection? Without objection, it will be admitted.

(Exhibit marked for identification)

Q. Mr. Palmer, have these folks been bothering you lately, about trying to do something with this well?

A. Yes, sir. A short time ago I don't recall the exact date, Harry Miller came to my place one night and told me that they were going to pull the casing on Monday, the following Monday and then I began to take some action.

Q. And prior to this conversation with this Mr. Miller, have they also indicated to you their desire to pull the casing in this well?

A. Not since then. I haven't saw anyone since that night Harry Miller was at my house.

Q. And prior to that time have they indicated to you that they wanted to pull this tubing and casing? In other words they have been after the tubing and casing for quite a while, is that right?

A. Why, yes. I would say sometime, I don't remember just how long.

Q. Does Greenbrier Oil Company have any lease on this land now?

A. No.

Q. Mr. Palmer, do you know why this lease with Greenbrier Oil Company is no longer in existence? What was the reason for it ending?

A. They didn't make their yearly rental payment.

Q. In other words it just didn't expire by operation of law but was cancelled for non-payment of rental, is that right?

A. Yes, sir.

CROSS EXAMINATION

By OLIVER SETH

MR. SETH: Oliver Seth, representing Greenbrier Oil Company. I would just like to ask you a few questions, Mr. Palmer.

Q. MR. SETH: Did you have a lease at one time with Greenbrier you did, isn't that correct?

A. Why, I leased to a couple of boys from Tulsa, Oklahoma by the name of Murta and Cobb and they peddled this here lease to a drilling company and as I understood, the drilling company sold it to Greenbrier.

Q. Then at one time or another Greenbrier did own an interest in the lease and they had the well drilled, is that correct.

A. Yes.

Q. Why do you want to prevent the removal of the equipment? Do you believe that it belongs to you at this point.

A. Well, it has been there so long and they never have done anything.

Q. Do you believe that the equipment belongs to you at this point?

A. I don't see any reason why it shouldn't. It's been there and they haven't done anything.

Q. Does the lease that you had with them make any provision what will become of the tubing, casing and equipment as the lease terminates?

A. No, I don't know.

Q. Well, then, your position is that since you own the land the equipment belongs to you, is that correct?

A. Well, yes.

Q. Now, would you explain in view of that check, just how the lease terminated, Mr. Palmer? Wasn't that check in payment of shut-in royalty.

A. Why, I think so, that would be my attitude as payment for shut-in royalty.

Q. Did you give the company a notice of cancellation on some grounds? Cancellation of the lease? Do you remember sending them the paper? Did your lawyer prepare a paper cancelling the lease and what was the reason given?

A. Yes. Well, they didn't make regular rental payments.

Q. When the equipment was placed in the ground, Greenbrier had the lease at that time, did they not, as far as you know?

A. Yes, sir.

Q. And that was done under the lease that you had?

A. The lease that I had with Murta and Cobb.

Q. (MR. McKENNA) You consider that -- your concern about this pulling of the tubing and the casing, is it because you figure this may ruin this valuable well you have on your land?

A. Why, yes, it will.

Q. (MR. McKENNA) That is your main contention, your worry about it?

A. Yes, sir.

MR. McKENNA: I offer Exhibit III in evidence.

MR. SPURRIER: Without objection it will be admitted.

LAMAR LUNT

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. McKENNA

Q. Will you please state your name?

A. Lamar Lunt.

Q. Where do you reside Mr. Lunt?

A. Santa Fe.

Q. What is your profession?

A. Petroleum Engineer.

Q. Can you tell the Commission what your education is in that field?

A. I attended the University of Texas Engineering School for two years and Texas Christian University School of Geology for one year.

Q. Can you also tell the Commission some of your experience in that field?

A. I worked with David Donahue, Consultant Engineer, Fort Worth for four years and the Gulf Oil Corporation in West Texas for three years as Petroleum Engineer. I worked as a Gas-Lift Engineer from 1937 to 1939; from 1939 to 1941 I worked as Production

Superintendent for the Intercoast Petroleum Corporation. From 1941 to 1945 as Production Superintendent and Engineer for the Forrest Oil; from 1945 to 1945 as Production Superintendent for Union Oil Company of California.

Q. What is your present occupation?

A. I do consulting engineering work.

Q. Have you ever testified before this Commission?

A. No, sir.

MR. McKENNA: If the Commission please, I offer his qualifications as an expert witness and ask that you approve them as such.

MR. SPURRIER: They are.

Q. (MR. McKenna) Mr. Lunt, you heard the testimony. Now, assuming that there has been a valuable discovery of oil and gas, or gas in the Palmer No. 1 - Greenbrier Palmer #1 and assuming that the well is capable of producing, what is your opinion as an expert witness, if Greenbrier Oil Company should come in and remove the casing in this well.

A. Well, it would be abandoned and the well would be lost.

Q. Also, as an expert witness, is it your opinion that it is in keeping with conservation and prevention of waste that this well, which assuming that there is a valuable discovery made of the well, is it your opinion that it is in keeping with conservation and prevention of waste that this casing should be pulled and the well ruined and lost?

A. No, sir.

CROSS EXAMINATION

By MR. SETH

Q. Mr. Lunt, would you explain your answer to the last question? Why do you say it would be waste to pull the casing?

A. Well, there is a reserve of gas there.

Q. How do you know there is a reserve of gas there?

A. There must be, there is gas in the well. I was at the well and it had a pressure of 1280# on it. That would indicate there was some reserve there.

Q. What about the volume?

A. I didn't test the volume.

Q. There is no way of testing by observing the pressure?

A. No, sir.

Q. Then you don't know whether there is a valuable discovery of gas there? That was just presumed in the question to you, was it not? Mr. McKenna just made that assumption in his question?

A. Yes, sir.

Q. If the well is properly plugged in accordance with practices and the rules of the Commission can there be any underground waste?

A. No, sir.

Q. What kind of waste were you referring to in your answer to the question?

A. Well, you have a gas well capable of producing some gas that could be utilized. It would furnish gas for a fairly large sized community.

Q. How can you say that, if you don't know how much gas can be produced?

A. Well, I opened the well for thirty minutes and I would estimate it to make probably 160,000 feet a day.

Q. How did you arrive at that?

A. Just by experience.

Q. Did you listen to it?

A. I blew it down pretty good until it was fairly stable.

Q. What would a well like that cost to drill?

A. I would guess thirty thousand, forty thousand dollars.

Q. And how close are the nearest pipeline connections?

A. That might be a mile or so.

Q. When you say waste, you just mean that there would be gas that wouldn't be produced, isn't that what you mean?

A. Yes, the well would not be utilized as a gas well locally unless it were reworked and a larger volume obtained.

Q. You don't mean to testify to the Commission that there would be underground waste?

A. No, sir.

Q. I believe Mr. McKenna assumed that the lease had been cancelled. You don't have any opinion as to whether the lease was cancelled properly?

A. No, sir.

Q. (by MR. MCKENNA). You are not in a sound position at this time to testify as to the potentialities of that well, as to the complete potentialities of that well?

A. No, sir.

Q. But you did examine the well and it is your opinion that there is a valuable discovery there anyway, the extent of it you do not know?

Q. Now, is it your opinion that possibly this well could be reworked - recompleted so that if there is a low potentiality it could be increased at proper working.

A. It is possible.

Q. Mr. Lunt as an expert witness, do you believe this is a good conservation practice, also in keeping with the elements of conservation and prevention of waste that a producing well should be plugged and abandoned?

A. No, sir.

MR. SPURRIER: Anyone else have a question of the witness: If not the witness may be excused. Does anyone else have anything in the case - to offer that is? Mr. McKenna.

MR. McKENNA: I have a statement. I am referring to Exhibit I. The particular language in this amendment of the oil and gas lease. When there is a recital that gas has been discovered in paying quantities. Mr. Palmer is in no position to determine how much gas was discovered and whether or not there is a sufficient amount which would be normally consistent of a producing well.

I would also like to point out that Greenbrier Oil Company - that this lease did not expire by operation of law. They lost it by inadvertence and negligence on their part. They also have submitted and paid to Mr. Palmer a shut-in royalty payment. I need not labor on that point at all. You all know that you do not make a shut-in royalty payment unless there is a well on the premises capable of producing. We all know the basis for the payment of shut-in royalty payment.

That combined with the statement in the amendment shows that there has been a valuable discovery. Mr. Palmer is in no position to know to what extent, nor is Mr. Lunt. The information has just recently been filed with the Commission as to what happened on this well but we can safely state that there is a well capable of producing gas.

The Statement made by Mr. Lunt - he thought it might produce a certain amount of cubic feet.

I think that this might be a little bit of an unusual situation for the Commission. There is no reason in the world why a person should come in and plug a producing well. Usually as a matter of fact it is not contemplated in the lease allowing the lessee to come in and pull casing and tubing.

Now, as to general principles in conservation and prevention of waste, we all know what the definition of waste includes in addition to its ordinary meaning. Here is a very definite definition. Generally speaking it is a valuable source of information. We also know that the economics of the oil and gas business is tied very closely to conservation practices. It is not a law in keeping with the economic practices, to go ahead and plug a producing well.

I'd like to say also that there doesn't seem to be any authority, rule or regulation whatsoever allowing a plugging of a producing well. I would also like to say gentlemen, something that strikes very close to heart - that the Commission secures some of its funds from producing wells and I don't think they would like to have producing wells plugged and abandoned.

With those closing remarks, I think it is very clear that this demonstrates a case where there is conservation involved. It is very clear that Greenbrier lost this lease. Whatever motive they have now to do in and pull the casing may be even economically unwise for them to so do.

MR. SPURRIER: Mr. Seth. Do you have a short statement?

MR. SETH: Unfortunately it is more than that. We want to let the petitioner complete his case and I would like to make a motion, that if it is denied, we will put on a witness who will provide some of the information that is not known by Mr. Palmer and as Mr. McKenna said, this is an unusual case and it is unusual of course because it is a legal problem and not a question for the Conservation Commission.

The questions involved as shown by the petitioner in testimony whether the lease was properly and legally terminated, which involves the construction of the lease itself and the amendment which was submitted. The counsel assumes, of course, in his argument that the lease has been properly terminated. We do not feel it has been properly terminated and the second question which is complete in itself is whether or not -- if it has been terminated the casing and equipment can be removed. The original lease is not in evidence but I think that, again is a legal question whether or not the casing can be removed from the well under a lease which provides by its terms that the casing may be removed and terminate the lease.

We appreciate Mr. Palmer's feelings in this matter and we sympathize with his thought that the well is on his land and nobody is using it consequently he should have the equipment but, again, and our motion is based upon the proposition that this is a legal question. In fact there are three or four legal questions involved and it is not a matter that the Commission can get into. If it started getting into differences of opinion over the construction of leases, why it would be years day in and day out- it would be a full time job. That is the job of the courts to determine those differences of opinion on lease matters and consequently we move that the Commission find that it has no jurisdiction in this action and that the petition of Mr. Palmer be denied and that the temporary order issued restraining Greenbrier from doing anything in connection with these premises, be likewise terminated.

MR. SPURRIER: We will take a short recess.

(RECESS)

MR. SPURRIER: The meeting will come to order, please. Mr. Seth, the Commission will deny your motion and suggests that you put your witness on.

HARRY MILLER

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH

Q. Please state your name and your connection with Greenbrier Oil Company?

A. My name is Harry Miller and I am Superintendent of Construction for Greenbrier Oil Company.

Q. Are you familiar with the Palmer #1 Well in Rio Arriba County?

A. I am.

Q. Do you know whether or not that well was drilled under a lease that was held at the time by Greenbrier Oil Company?

A. It was.

Q. Are you familiar with the actual drilling of the well?

A. I supervised the drilling of it.

Q. I hand you what has been marked Exhibit I and ask you whether that is your recollection that that is a copy of the lease under which the well was drilled?

A. I'd say it was sir.

Q. Could you state to the Commission, please, Mr. Miller, what equipment was put in the well and as far as you know is still there on the ground --in the ground?

A. 130.98 feet of 10 3/4 32.75# casing; 3460.62 feet of 7" casing; 3371.30 feet of 2 1/2" of tubing. There is a National Supply christmas tree on the well.

Q. Do you have any data available as to the cost as to the original cost of the equipment?

A. Approximately \$10,000.00

Q. Is that on the premises?

A. As far as I know - it's supposed to be there.

Q. Mr. Miller, will you state to the Commission, briefly, your practical experience?

A. I started in the oil business about 1920. I was in the Wyoming fields for about eight years; worked in California as Superintendent of Production for the Doheny interests for twenty-five years; came to Texas about three years ago and drilled some wells back there and worked for the Greenbrier Oil Company starting in June, 1951, I believe, with headquarters at Durango.

Q. Now, Mr. Miller, in view of your experience, if this casing and equipment is removed from this well and if the well is plugged in accordance with the rules and regulations of the Commission, will there be any commingling of gas, oil or water between the strata and the well?

A. Not any more than there is at the present time.

Q. Was it the intent of Greenbrier, that in the event of abandonment that it would be plugged in accordance with the rules?

A. That is correct according to the Commission order.

Q. Does Greenbrier have a plugging bond in the State of New Mexico?

A. We have a blanket bond.

Q. (By MR. SETH) If the Commission, please, your petitioner has provided executed copy of the lease agreement and we would like to offer it in evidence if there is no objection.

MR. SPURRIER: Without objection, it will be admitted

(Exhibit marked for identification)

(Cross examination continued by Mr. Seth)

Q. Mr. Miller, referring to page 3 in paragraph 9 of the lease agreement, is provision made for the removal of the equipment in the lease?

A. Yes, sir, it is.

Q. What does it provide?

A. That the lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon except water from the well of the lessor. When required by lessor, the lessee shall bury pipeline below plow depth and shall pay for damages caused by its operation of drilling. No wells will be drilled nearer than 200 feet to the house or barn now on said premises without a written consent of the lessor. The lessee shall have the right at any time during or after the expiration of this lease to remove all the machinery, fixtures, houses or buildings and other structures placed on said premises, including the right to remove all casing.

Q. Mr. Miller, has it been called to your attention, since this petition has been filed that the lease may not have been actually terminated, as Mr. Palmer believes?

A. Yes, sir.

Q. Has some doubt arisen as to whether there has been any failure to pay rentals under the lease as would permit a termination of the lease?

A. Will you state that question again?

Q. Is there some doubt as to whether or not any payment, if it was made, was of such a character as would permit a forfeiture of the lease.

A. No, sir.

Q. It has been brought to your attention that there are legal problems in the termination of this lease, is that correct?

A. Yes, sir.

Q. And that as far as Greenbrier is concerned, is it presently contemplated, if necessary, that all the legal problems will be developed as fully as possible?

A. That is right.

Q. Did you have any discussion with Mr. Palmer as to your rights under the lease to remove the casing and tubing and equipment?

A. I -- sometime back, I don't recall the date, I called on Mr. Palmer and we discussed the situation and it was a very friendly meeting, I thought. He asked me to come to Santa Fe with him the following day and have a talk with his attorney. I was due in Albuquerque on some other business and was unable to come on.

Q. Then you have discussed with him the problem of the construction of the lease?

A. Yes, sir.

Q. In view of your experience in the field, is it customary under lease provisions of this character that the casing and equipment be removed from wells abandoned by the operator? Is it customary for operators operating under a lease of this type to remove the casing and tubing?

A. Absolutely.

Q. In your opinion can any waste result from the removal of the casing and tubing if the well is properly plugged and abandoned?

A. No, sir.

Q. Do you have an opinion as to whether or not the well at the present time or at the last time you had occasion to observe it, is it a commercial well, or not?

Before we get into that question, I might ask you a preliminary question as to approximately how much the well cost to drill?

A. Approximately \$62,000.00.

Q. And what is the approximate price of gas in the vicinity of this well, if there is any?

A. I don't know if there is any.

Q. How far from pipeline connections is it?

A. About, I would say probably thirty miles - thirty-five miles.

Q. In your opinion, would the well pay out in any reasonable period of time, or you cannot tell?

A. No, I don't believe it would.

Q. Are you familiar with the recitations made in the amendment to the lease which was introduced by the petitioner that the discovery had been made? Are those conclusions somewhat a matter of opinion from time to time?

A. I rather think they were.

Q. Your opinion now though appears that the well would not pay out, is that right?

A. Yes, sir.

MR. SETH: That is all on the direct.

CROSS EXAMINATION

By MR. GUTTHMAN:

Q. Mr. Miller, you testified that there was about \$10,000.00 worth of equipment in that well, is that correct?

A. Yes, sir.

Q. What would it cost to remove it, approximately?

A. About approximately \$1,000.00.

Q. Does that include the plugging of the well?

A. Yes, sir.

Q. Do you know whether or not Greenbrier Oil Company considers this a shut-in well?

A. No, I do not.

Q. Would you say that they did based on the shut-in royalty payment made?

A. Well, I can't answer that, I don't know.

Q. Would they make a payment on a shut-in well, if it weren't a shut-in well?

A. I don't know that.

Q. What is your position with Greenbrier?

A. Production Superintendent.

Q. So you know nothing of the office procedure?

A. I don't

Q. Do you know whether they consider this a shut-in well of any kind?

A. I think we did at one time.

Q. Do you know if they paid any shut-in royalty payments?

A. I gather they did.

Q. No, you testified about the original lease as to a certain paragraph - with rights to removal of the equipment at the expiration of the lease, is that correct. Were you present when that lease was drawn up?

A. No, sir.

Q. Do you know if the parties contemplated that the pipe should be pulled out if it were a dry hole or did they contemplate that it would be pulled out if it were a producer?

A. That, I don't know.

Q. So you actually don't know what the parties had in mind when the lease was drawn up, do you?

A. Not being there, I couldn't say.

Q. Is it good practice to pull the casing out of a producing well.

A. May I ask you a question, what do you mean by a producing well?

Q. One that is considered a commercial well that couldn't produce whether it is producing or whether it is shut-in.

A. Well that takes quite a bit of territory. If it is a commercial well, it would not be possible to pull the casing out.

Q. Even though it was a shut-in well?

A. I don't know what you mean by a shut-in well.

Q. One that is capable of producing, one that is considered could be made a commercial well?

A. In my opinion the well is not a commercial well so far as taking into consideration the cost of drilling a well with the possibility of ever paying out.

Q. Would any shut-in royalty be paid if the well were not a commercial well or could not be made a commercial well?

A. I don't know.

Q. You testified that since you received this notice of the petitioner that you considered the lease was not legally cancelled, is that correct? Why did you say that, what is your basis for that?

MR. SETH: I am going to object to that question. Mr. Miller is not qualified to answer that. This is a conservation matter.

MR. SPURRIER: Counsellor is correct in his motion. We will confine our testimony to conservation matters. How much did the well make and not to the legal question

MR. GUTHMAN: I just wanted to straighten the matter out that one point. He said there had been some legal doubt brought to his attention since he received notice of this hearing.

MR. SPURRIER: You are not qualified as a lawyer, are you Mr. Miller?

MR. MILLER: No, sir.

MR. SPURRIER: I suggest that you skip the question so that we can get on with the case.

Q by Mr. Guthman. Do you know R W. Anderson?

A. Yes, sir.

Q. Have you ever seen his signature?

A. I have.

Q. I'll ask you if that is his signature?

A. I believe it is.

MR. GUTHMAN: I offer this exhibit in evidence.

MR. SPURRIER: Without objection it will be admitted.

(Exhibit marked for identification)

Q by MR. SPURRIER: Mr. Miller how far is it to a pipeline that is market, from this well?

A. I don't know exactly. I've heard it's about 35 miles.

Q. Where would that be?

A. That would be over towards Dulce in the Dulce area.

Q. How much do you estimate this well would make?

A. Less than one hundred thousand.

Q. How much pipe do you think you can recover from the hole?

A. The 2 1/2" tubing and probably a thousand to fifteen hundred feet of the 7".

MR. SPURRIER: Any other questions?

MR. GUTHMAN: One more question - when did you first get the idea of plugging and abandoning this well - before the lease was cancelled?

MR. MILLER: No, long before that.

MR. GUTHMAN: Did you take any steps toward plugging it and abandoning it?

MR. MILLER: No, sir.

MR. SETH: Is there some surface equipment besides the casing?

MR. MILLER: A christmas tree.

MR. SETH: Is there anything else you want to state to the Commission?

MR. MILLER: No, I don't have anything.

MR. SETH: Are there any other producing wells in the vicinity of this well?

MR. MILLER: None that I know of.

MR. SETH: We have nothing further.

MR. SPURRIER: How far is it from this so-called community, which might use gas from the well?

MR. SETH: Is that Lindrith?

MR. SPURRIER: Yes.

MR. MILLER: About seven miles.

MR. SPURRIER: Anyone else have a question of the witness. If not the witness may be excused.

MR. MCKENNA: Mr. Lunt, as an expert witness, is it possible that through re-working, recompleting and other techniques, this well could be made to produce greater than what it is now?

A. I believe so.

MR. McKENNA: That is all.

MR. SETH: Why do you say that, Mr. Lunt?

MR. LUNT: I looked at the well and it was shot with 180 quarts of glycerine and it could be shot maybe with more and be caused to produce more gas, the normal thing to do.

MR. SETH: And shoot it again?

MR. LUNT: If you want to increase it, yes, sir.

MR. SETH: What about the casing in the hole when you do that?

MR. LUNT: It was in there when they shot it the first time.

MR. SETH: Do you know the total depth?

MR. LUNT: Just from the record.

MR. SETH: What was it?

MR. LUNT: 5,032 feet, I believe.

MR. McKENNA: Just to clear the record - this is a Pictured Cliffs well, is it not?

MR. LUNT: Yes, sir.

MR. SPURRIER; If there are no further questions, the witness may be excused. Is there anyone else to be heard?

If not, we will take the case under advisement and move on to Case 575.

####

C E R T I F I C A T E

I, Virginia M. Chavez, hereby certify that the above and foregoing transcript of proceedings in Case 574, taken before the Oil Conservation Commission on September 17, 1953, at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

Dated in Santa Fe this 19th day of October, 1953.

My Commission Expires:
August 8, 1956

Virginia M. Chavez
Notary Public

Sub 1 # 2

OIL AND GAS MINING LEASE

THIS AGREEMENT, entered into this the 15th day of November, 1949, between RODGER J. PALMER, a single man of Lindrith, New Mexico, hereinafter called the Lessor, and FRANK B. MURTA and RUSSELL COBB, of Tulsa, Oklahoma, hereinafter called the Lessees, does witness:

1. That the lessor, for and in consideration of the sum of Eight Hundred and no/100 (\$800.00) Dollars in hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessees, has this day granted and leased and hereby grants, leases and lets unto the lessees for the purpose of mining and operating for and producing oil and gas, casinghead gas and casinghead gasoline, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon to produce, save, take care of and manufacture all of such substances, and for housing and boarding employees, the following described tract of land in Rio Arriba County, to-wit:

Lot one, the southeast quarter of the northeast quarter, the southeast quarter and the south half of the southwest quarter of Section one in Township twenty-four north of Range two west of the New Mexico Meridian, New Mexico, containing three hundred twenty-two acres and sixty-six hundredths of an acre.

2. This lease shall remain in force for a term of five (5) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline, or any of them is or can be produced.

3. The lessees shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessees may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessees's option, may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessees shall pay lessor, as royalty, one-eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and while such royalty is so paid such well shall be held to be a producing well under paragraph numbered two hereof. The lessor to have gas free

of charge from any well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense. The lessees shall pay to the lessor for gas produced from any oil well and used by the lessees for the manufacture of gasoline, or any other product, as royalty, one-eighth of the market value of such gas. If said gas is sold by the lessees, then as royalty one-eighth of the proceeds of the sale thereof.

5. This lease shall terminate, as to both parties, if operations for the drilling of a well for oil or gas are not commenced on said land on or before the 15th day of May, 1950, said well to be drilled with due dispatch and diligence to test the Dakota Sand at a depth of approximately seven thousand nine hundred (7900) feet, unless oil or gas is found in paying quantities at a lesser depth. In the event that operations for the drilling of an oil or gas well are commenced on or before the 15th day of May, 1950, lessees will pay to the lessor the sum of Three Thousand Seventy-One and 92/100 (\$3071.92) dollars at the time drilling operations are commenced, which sum represents the payment of Twelve and no/100 (\$12.00) dollars per acre on the above described tract of land, less the Eight Hundred and no/100 (\$800.00) Dollars cash paid as provided in paragraph number one above.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessees shall drill a dry hole, or holes on this land, this lease shall not terminate, provided the lessees pay or tender to the lessor or for the lessor's credit in the Santa Fe National Bank at Santa Fe, New Mexico, or its successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of One and no/100 (\$1.00) dollar per acre per year which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. This provision shall operate for a period of five successive years in the event that the stipulated rentals are paid. All payments or tenders may be made by check or draft of lessees or

any assignee thereof, mailed or delivered on or before the rental paying date. Notwithstanding the death of the lessor, or his successors in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person. It is specifically understood and agreed by and between the parties hereto that the 15th day of May, of each successive year shall be the date on which rentals will become due.

7. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessees shall drill a dry hole, or holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessees begin or resume the payment of rentals in the manner and amount herein above provided; (and in this event the proceeding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.)

8. In case said lessor own a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid the said lessor only in proportion which his interest bears to the whole and undivided fee.

9. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of lessor. When required by lessor, the lessees shall bury pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without written consent of the lessor. Lessees shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings, and other structures placed on said premises, including the right to draw and remove all casing.

10. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, executors, administrators, successors and

assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessees until after notice to the lessees and it has been furnished with the written transfer or assignment or a certified copy thereof.

11. Lessor hereby warrants and agrees to defend title to the land herein described and agrees that the lessees, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed against the above described lands, and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders, thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessees shall commence drilling operations at any time while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal offices, boards, commissions or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, revision or reversion of any estate or interest herein and hereby created and set out, nor shall any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such purport to be in force and effect they shall, when complied with by lessees or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

14. Lessees may at any time surrender this lease by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county.

15. This lease and all its terms, conditions and stipulations shall extend to and be binding on all successors of said lessor or lessees.

IN WITNESS WHEREOF, we sign the day and year first above written.

Rodger J. Palmer
LESSOR Rodger J. Palmer
Frank B. Murta
LESSEES Frank B. Murta
Russell Cobb
Russell Cobb

STATE OF NEW MEXICO }
COUNTY OF RIO ARriba } ss.

On this 26 day of November, 1949, before me personally appeared RODGER J. PALMER, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Witness my hand and official seal the day and year last above written.

Timothy M. Stevenson
Notary Public

My Commission Expires: May 16 1951

STATE OF OKLAHOMA }
COUNTY OF Tulsa } ss.

On this 19th day of November, 1949, before me personally appeared FRANK B. MURTA and RUSSELL COBB, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

Lester Selby
Notary Public

My Commission Expires: May 16 1950

Case 574

EXHIBIT NO. 3

NOTICE TO CANCEL OIL AND GAS MINING LEASES

TO: Frank B. Marta, 606 Kennedy Bldg., Tulsa, Oklahoma
Russell Cobb, 606 Kennedy Bldg., Tulsa, Oklahoma
Dennan Drilling Company, Wichita Falls, Texas
Greenbrier Oil Company, 327 South Adams, Ft. Worth, 4, Texas
OR ANY UNKNOWN ASSIGNEES OF THE FOREGOING:

You and each of you are hereby notified that the undersigned, ROGER J. PALMER, hereby cancels that certain oil and gas mining lease entered into on the 11th day of November, 1949, between himself and Frank B. Marta and Russell Cobb of Tulsa, Oklahoma, as lessees, covering Lot 1, SW $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ and S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 1, Township 34 North, Range 2 West, New Mexico Meridian, New Mexico, containing 322.66 acres.

This cancellation is being effected for the reason that the annual rental stipulated to be paid by the lessees, or their assigns, to the lessor, as provided in Paragraph 6 of said Oil and Gas Mining Lease, has not been paid. Said stipulated annual rentals were to be paid at the rate of \$1.00 per acre per year and said payments to be made or tendered to the undersigned, or deposited to his credit at the Santa Fe National Bank, Santa Fe, New Mexico, on or before the 15th day of May of each and every succeeding year during the term of the said lease.

Roger J. Palmer
Roger J. Palmer

STATE OF NEW MEXICO }
COUNTY OF SANTA FE } ss.

ROGER J. PALMER, being first duly sworn on oath, deposes and says: That he is the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed on this 21st day of May, 1953, at Santa Fe, New Mexico.

Roger J. Palmer
Roger J. Palmer

Subscribed and sworn to before me this 21st day of May, 1953.

Margaret S. Sebastian
Margaret S. Sebastian

J. GUTHMANN
TURNER AT LAW
AZA BUILDING
SANTA FE, NEW MEX.
NAL 5-7151

My Commission Expires: 9-18-55

EXHIBIT NO. 1

AMENDMENT TO OIL AND GAS LEASE
AND RATIFICATION

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on November 19, 1949 Roger J. Palmer, herein-
after called the "Undersigned", executed an Oil and Gas Lease
to Frank B. Murta and Russell Cobb as lessees, which lease
was recorded in Oil and Gas Book 2, Page 636, Office of the
Rio Arriba County Clerk, New Mexico, reference being hereby
made to said lease for all purposes, and

WHEREAS, D. H. Ankeny is now the owner of said lease
and has drilled a test well for oil and gas on said land at
great expense and has discovered gas in paying quantities but
is unable to obtain a market outlet for said gas and the Under-
signed is desirous of cooperating with lease owner by amending
the terms of said oil and gas lease and ratifying the same
as hereinafter stated.

NOW, THEREFORE, in consideration of the premises and
\$10.00, and other cash in hand paid to the Undersigned, and
effective November 19, 1949, the above described Oil and Gas
Lease is hereby amended as follows:

1. To Paragraph 4 of said lease the following is hereby
added: If gas, condensate, distillate or any gaseous substance
classified as "gas" by any governmental authority is discovered
on said land and such well or wells are shut in for lack of
a market, then lessee or any assignee may pay or tender to
the parties entitled to the royalty, an advance annual royalty
equal to \$1.00 per acre for the acreage then held under this
lease by the party making such payment, plus \$50.00 for each
shut in well on such land, said payment to be made on or
before May 15, 1953 and annually on said anniversary date thereafter,
and such payment or tender shall be made in the manner provided
below for the payment of delay rentals and in the bank to which
delay rentals may be paid, and while such royalty is so paid

or tendered, this lease shall be considered as producing in paying quantities within the meaning of Paragraph 2 of said lease. That payment in full for said royalty on all of the land described in said lease is hereby acknowledged for the term of May 15, 1952 to May 15, 1953.

2. That to Paragraph 2 of said lease there is hereby added the following: If at any time after discovery of oil or gas the production thereof should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within 60 days thereafter, or (if it be within the primary term) commences or resumes the payment or tender of delay rentals on or before the rental paying date next ensuing after the expiration of three months from cessation of production. If, at the expiration of the primary term, oil or gas is not being produced on said land but lessee is then engaged in operations for drilling, mining or reworking of any well, this lease shall remain in force so long as such operations are commenced and prosecuted (whether on the same or successive wells) with reasonable diligence, and if they result in production so long thereafter as oil or gas is produced from said land.

3. That the Undersigned does hereby adopt, ratify and confirm said oil and gas lease as herein amended and does hereby state that the same is valid and subsisting and in full force and effect until May 15, 1953 and does hereby grant, lease and let the above described minerals to D. H. Ankeny in accordance with all of the terms and provisions of said above described lease as amended herein.

4. That the terms and provisions hereof shall bind and benefit the respective heirs, assigns and personal

representatives of the Undersigned and of D. H. Ankeny.

EXECUTED this 12 day of May, 1952.

Roger J. Palmer
Roger J. Palmer, a single man

STATE OF NEW MEXICO)
COUNTY OF Rio Arriba) SS.

On this the 12th day of May, 1952, before me personally appeared Roger J. Palmer, a single man, to me personally known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

Mrs. Lottie M. Davis
Notary Public

My Commission Expires:

MY COMMISSION EXPIRES MAY 7, 1955

CASE NO. 784
BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CERTIFICATE OF CORRECTION

VIRGINIA M. CHAVEZ, being first duly sworn upon oath, deposes and says:

That the Transcript of Proceedings in the above cause heretofore transcribed by her shows an omission on the last line of Page 11 and that, upon re-checking the original notes of said hearing it appears clearly that the word "YES" should have been supplied and that such word is reflected in the original notes.

It is further certified that the said word has been supplied by the undersigned on said page and that this certificate is hereby made for the purpose of reflecting the true state of facts.

Virginia M. Chavez
Virginia M. Chavez

Subscribed and sworn to before me this 26th day of August, 1955

Joy E. Lunke
Notary Public

My Commission expires:

October 8, 1958

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN
LAND COMMISSIONER E.S. WALKER
MEMBER
STATE GEOLOGIST R.R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

UAM
Case 574
file

MEMO:

TO: W. B. MACEY AND R. R. SPURRIER

SUBJECT: Pitot Test of Greenbrier, Palmer #1, Section 1, Township 24 N,
Range 2 West, in connection with Case No. 574

This well was tested October 7, 1953 with Mr. Emery Arnold and Dusty Rhodes assisting and observing.

This well is located about 2 miles north and 3 miles East of Lindrith and about 1/2 mile SW of a farmhouse which I believed to be where Mr. Palmer resides, but I am not sure as he did not come to the well nor did we go to the house.

The calibrated spring gauges belonging to the commission was used since a dead light gauge was not available. Both tubing and casing pressures were taken. Since the tubing and casing pressure were not the same it was suspected the well was bridged or water logged. After two minutes of flow, the well discharged destillate for about 2 minutes then went to water. The flow was so wet water dripped off the flow nipple. After 30 minutes the flow died to small pulsations indicating a head of water in tubing. We then opened well through the casing in an effort to get a guage without lifting water. The well stabilized at 72.68 MCF/da. New Mexico Base, corrected for atmospheric pressure, gravity, and flow nipple size.

It is my opinion that this well was producing thru considerable water on at least part of the formation. If well was swabbed and put to producing with a bleeder string to blow off water occasionally it would probably make considerably more than this test would indicate but would probably still be a marginal well, economically.

It is my further opinion that the wellhead is of the type which is far more expensive than is necessary for this type of well. The well is tubed with 2 7/8" tubing which is larger than necessary. Further, I do not believe the recovery of 7" casing would be more than 2000 feet and probably less since the cement came up to about 2200 feet below the surface.

It is my opinion the well is of questionable economic value but it would be of considerable value to Mr. Palmer for his personal needs should it be economically feasible for him to lay a line to his house and provide the necessary pressure reducers and water trap.

E. A. Utz
E. A. UTZ,
Gas Engineer

NEW MEXICO OIL CONSERVATION COMMISSION
INITIAL POTENTIAL TEST-DATA SHEET

FORM C-122-B

POOL Wildcat - Gavilan Area FORMATION Pictured Cliffs
COUNTY Rio Arriba DATE WELL TESTED 10/7/53
OPERATOR Greenbrier Oil Company LEASE: Palmer WELL NO. #1
1/4 SECTION: NESWSE Sec. 7 TWP. 24 N RGE. 2 W
CASING: OD. 7" SET AT 3395 TUBING: OD. 2 7/8 WT. 6.5 SET AT 3371.3
PAY ZONE: FROM 3395 TO 3432 GAS GRAVITY: MEASURED ESTIMATED .65
TESTED THROUGH: CASING X TUBING Too much water
TEST NIPPLE 1" (1.049) I.D. TYPE OF GAUGE USED Monometer

OBSERVED DATA

SHUT IN PRESSURE: CASING 891 Abs. TUBING: 731 Abs. S.I. PERIOD over 7 days
TIME WELL OPENED: 11:25 A.M. TIME WELL GAUGED: 14:25 P.M.
IMPACT PRESSURE: 5.6 in. water
VOLUME THRU 1" I.D. (Table 1) 5.5 H₂O impact 68.4 (a)
MULTIPLIER FOR PIPE OR CASING (Table 2) 1.100 (b)
MULTIPLIER FOR FLOWING TEMP. (Table 3) 60° 0 (c)
MULTIPLIER FOR SP. GRAVITY (Table 4)65 Est. 0 (d)
AVE. BAROMETER PRESSURE AT WELLHEAD (Table 5) 11.22
MULTIPLIER FOR BAROMETRIC PRESSURE (Table 6)966 (e)
INITIAL POTENTIAL, MCF/24 hrs. (a) x (b) x (c) x (d) x (e) = 72.68

TESTED BY: Elvis A. Utz
COMPANY: New Mexico Oil Conservation Comm.
TITLE: Gas Engineer

WITNESSED BY: Emery Arnold
COMPANY: N. M. Oil Conservation Comm.
TITLE: Supervisor District 3

Dusty Rhodes
N. M. State Land Office,
Engineer

GAS WELL PITOT TEST DATA SHEET

COMPANY: Greenbrier Oil Company

LEASE: Palmer

WELL NO. #1

Date	Time of Day	Lapse Time (Min.)	Impact	Casing	Tubing	Remarks
10/7/53	11:00 A			880 + 11	720 + 11	
	11:25	0	Opened			I.D. of nipple 2.067 very wet with Dist.
	11:27	2				
	11:29	4				Brackish H ₂ O, very wet
	11:40	15	16.9 Hg/2"	230	No gauge	Very wet, H ₂ O dripping from nipple.
	11:55	30		130		Too small to measure with Hg. Changed mano- meter to H ₂ O.
	12:00	35		125		Died to small pulsa- tions. Indicating a Column of H ₂ O in tubing.
	12:10	45				S.I. tubing and opened thru casing to try and get a reading.
	12:25	1:00	8.2 H ₂ O/1"	105	No gauge	I.D. nipple 1.049
	12:40	1:15	6.8/H ₂ O	80	"	Dry
	12:55	1:30	6.1 H ₂ O	60	"	Dry
	13:10	1:45	5.6 H ₂ O	40	"	Dry
	13:25	2:15	5.4 H ₂ O	25	"	Dry
	13:55	2:30	5.6 H ₂ O	0	"	Dry
	14:25	3:00	5.6 H ₂ O	0	"	Well is almost certain to have considerable water on formation.

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN
LAND COMMISSIONER E. S. WALKER
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 671
SANTA FE, NEW MEXICO

October 6, 1953

Memo. to the Commission

CASE 574: The application of R. J. Palmer for an order prohibiting Greenbrier Oil Company from removing any of the casing or surface equipment from their Palmer No. 1 in Section 1, Township 24 North, Range 2 West, Rio Arriba County, New Mexico.

Recommendation:

The Commission has already entered an emergency order in this case (E-4) prohibiting Greenbrier from removing any of the equipment from the subject well.

Information available indicates that Greenbrier drilled a well during September and October 1951. The well encountered a slight show of gas in the Pictured Cliffs formation at an approximate depth of 3400'. The well was eventually drilled to a total depth of 5230' and then plugged back to 3436'. Where the Pictured Cliffs zone was shot the well cleaned out, the well making a relatively small volume of gas. Subsequently it appears that Greenbrier lost their lease due to non-payment of rentals and now desires to plug the well in a proper manner.

Evidence indicates that Greenbrier has ample legal rights to remove the casing and surface equipment since paragraph 9 of the lease clearly states *this fact*. I have serious doubt whether the Commission, under its statutory powers, has the right to prevent anyone from plugging any well that it has drilled provided the well is plugged properly. Therefor, it seems in order for the Commission to adopt an order similar to that furnished by Seth and Montgomery which in affect dismisses the case.

W. B. Macey

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 574
Order No. R-385

THE APPLICATION OF R. J. PALMER,
LINDRITH, NEW MEXICO, FOR AN ORDER
PROHIBITING GREENBRIER OIL COMPANY
FROM REMOVING, TAKING, OR IN ANY
OTHER MANNER INTERFERING WITH THE
TUBING, CASING OR OTHER EQUIPMENT
LOCATED IN OR ON THE PALMER NO. 1
WELL, NE/4 SW/4 SE/4 SECTION 1, TOWN-
SHIP 24 NORTH, RANGE 2 WEST, NMPM,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at 9 o'clock a.m. on September 17, 1953, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 10th day of November, 1953, the Commission, a quorum being present, having considered the testimony and evidence, and being fully advised in the premises,

FINDS:

- (1) That due notice was given as required by law, and the interested parties appeared in person and/or by their respective attorneys.
- (2) That testimony adduced at the hearing indicates that the possibility of waste resulting from plugging and abandonment of the subject well is remote in view of the production estimates which, if reasonably correct, would not permit recovery of original drilling costs within the foreseeable future.
- (3) That the ownership of the properties and the legal relationships of the parties in the matter are outside the jurisdiction of the Commission.

IT IS THEREFORE ORDERED:

- (1) That the Petition of R. J. Palmer be, and the same hereby is dismissed.
- (2) That the Emergency Order of the Commission dated August 21, 1953, being Order E-4 in Case 574, is hereby revoked.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

State of New Mexico
Oil Conservation Commission

E. L. Mechem
Edwin L. Mechem, Chairman

E. S. Walker
E. S. Walker, Member

R. R. Spurrier
R. R. Spurrier, Secretary and Member

S E A L

IN THE DISTRICT COURT OF RIO ARriba COUNTY
STATE OF NEW MEXICO

R. J. PALMER,

Plaintiff,

vs.

OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO, and
COMMERCIAL OIL COMPANY,
a partnership,

Defendants.

No. 6177

ANSWER

Comes now the defendant above named and in answer to the complaint herein
states:

1. It admits the allegations contained in paragraph 1 thereof.
2. In answer to paragraph numbered 2 of the complaint this defendant
admits it is an administrative body duly and legally constituted of the State
of New Mexico as therein alleged, and as to the remaining allegations con-
tained therein defendant states that it does not have sufficient information
or knowledge upon which to form a belief as to the truth of said allegations
and therefore denies the same.
3. Defendant admits the allegations contained in paragraphs numbered
3, 4, 5 and 6.
4. Defendant denies each and every allegation contained in paragraph 7
of the complaint.
5. Defendant admits the allegations contained in paragraphs numbered
8 and 9 thereof.
6. Defendant denies the allegations contained in paragraph number 10
of the complaint and in further answer thereto states that the defendant
Oil Conservation Commission of the State of New Mexico was without jurisdic-
tion over the subject matter contained in plaintiff's application filed
with it on August, 1933 upon which the present petition for review is based.

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

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WHEREFORE, Defendant prays that plaintiff take nothing by its complaint
and that this Honorable Court enter its order confirming the order of the
Commissioner complained of.

OIL COMMISSIONER COMMISSIONER OF THE
STATE OF NEW MEXICO

By *Leo P. ...*
H. Geo. A. Mahan
The Attorney

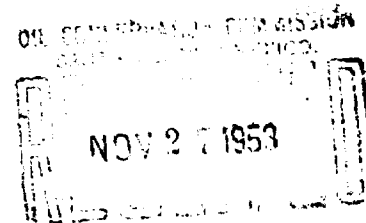
THOMAS F. MCKENNA, SR.
JOSEPH A. SOMMER

LAW OFFICES
MCKENNA & SOMMER
NASON BUILDING
302 E. PALACE AVENUE
SANTA FE, NEW MEXICO

Nov. 25, 1953

(Nuts) udm R2
11/29
Set it die

TELEPHONE 3-4901



Mr. R. R. Spurrier
Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

In Re: Docket 574.

Dear Mr. Spurrier:

Enclosed herewith please find in triplicate the Application for Rehearing by R. J. Palmer. It is also respectfully requested that Emergency Order E-4 be reinstated and put into effect if the rehearing is granted and that in such case the proper parties, including your District Office at Aztec, New Mexico, be notified of such Order.

Very truly yours,

MCKENNA & SOMMER

By Thomas F. McKenna
Thomas F. McKenna

Enclosures

BEFORE THE OIL CONSERVATION COMMISSION

OF

THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
R. J. PALMER, LINDRITH, NEW MEXICO, FOR A)
REHEARING ON HIS APPLICATION FOR A PERMA-)
NENT ORDER PROHIBITING GREENBRIER OIL)
COMPANY FROM REMOVING, TAKING OR IN ANY)
OTHER MANNER INTERFERING WITH THE TUBING,)
CASING OR OTHER EQUIPMENT LOCATED IN OR ON)
THE PALMER NO. 1 WELL, NE $\frac{1}{4}$ S $\frac{1}{4}$ of SE $\frac{1}{4}$ of)
SECTION 1, T. 24 N., R. 2 W., N.M.P.M., RIO)
ARRIBA COUNTY, NEW MEXICO, AND ALSO REQUEST-)
ING AN EMERGENCY ORDER.)

NO. 574
ORDER NO. E-4
ORDER NO. 385

COMES NOW the applicant, R. J. PALMER, of Lindrith, New Mexico, through his attorney, THOMAS F. MCKENNA, and in conformity with Section 69-223 of the New Mexico Statutes Annotated, 1941 Compilation, respectfully requests a REHEARING in respect to the Order of the Oil Conservation Commission of the State of New Mexico, hereinafter called "Commission," said Order having been dated and entered Nov. 10, 1953, with such request being based on the following grounds:

1. Finding No. 3 of said order which reads, "that the ownership of the properties and the legal relationships of the parties in the matter are outside the jurisdiction of the Commission," is completely erroneous and without support in fact and law as a basis for refusing the relief requested since the applicant did not request a determination of the ownership as between the parties of the lease or the properties involved and, furthermore, the jurisdiction of the Commission as to conservation and prevention of waste are present and existent regardless of the ownership of the lease or the properties involved.

2. By its Finding No. 2, the Commission admits that it has jurisdiction over the subject matter of the application, but sets forth in part of its finding that "the possibility of waste resulting from plugging and abandonment of the subject well is remote in view of the production estimates which, if reasonably correct, would not permit recovery of original drilling costs within the foreseeable future," which part of the Finding the applicant states is erroneous for the following reasons:

(a) The testimony and evidence adduced and admitted in the form of shut-in royalty payments by the Greenbrier Oil Company show that the Greenbrier Oil Company viewed the Palmer No. 1 well profitable, or that it could be made more profitable;

(b) The evidence adduced showed that a valuable discovery of natural gas had been made in the Palmer No. 1 well;

(c) As a matter of engineering and expert testimony, the well possibly could be reworked for the purpose of shutting off the water and increasing the well potential;

(d) The gas now capable of being produced could be sold and utilized successfully by the neighboring community of Lindrith, New Mexico;

(e) The Commission's jurisdiction cannot and is not predicated upon the necessity of any operator being able to recover original drilling costs within any period of time;

(f) The Commission's jurisdiction is based on conservation, which includes in its meaning the elements of preservation as well as upon waste which is defined in Section 69-203 of the same New Mexico Statutes as "Waste, IN ADDITION to its ordinary meaning, shall include: (a) Underground waste; (b) Surface waste, as those words are generally understood in the oil and gas business and in any event, to embrace the unnecessary or excessive surface loss or destruction without beneficial use, however caused, of natural gas of any type or in any form..."

(g) If the casing and tubing are pulled, Palmer No. 1 well would be ruined and destroyed resulting in waste and violating the principles of conservation.

(h) Sound principles of conservation are not furthered by allowing the plugging and abandonment of the Palmer # 1 well completed as a producer for the following reasons:

(1) The applicant can and will upon demand submit the usual plugging bond with the Oil Conservation Commission and thereupon the responsibility of the Greenbrier Oil Company will terminate as to plugging and abandonment;

(2) The Greenbrier Oil Company's desire to pull the casing and tubing and other equipment is predicated solely upon its desire to secure the casing and the tubing or its value through resale;

(3) Such casing or tubing and other equipment is not so unique or unavailable that it cannot be purchased on the open market;

(4) Any action on the part of the Commission in enjoining the removal of the casing and tubing and other equipment does not in any manner destroy the claim of the Greenbrier Oil Company for the reasonable value of the casing and tubing and other equipment that could be recovered.

WHEREFORE the applicant requests that he be granted a REHEARING, that an emergency order similar to Order No. E-4 originally granted be placed in effect and kept in effect pending the determination of the rehearing sought, and that such other and further relief be granted that would be proper in the premises.

McKENNA & SOMMER

By Thomas F. McKenna
Thomas F. McKenna
302 East Palace Avenue
Santa Fe, New Mexico
Attorneys for Applicant

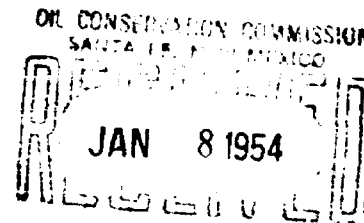
CERTIFICATION

I hereby certify that I mailed a true and correct copy of the above Application for Rehearing to OLIVER SETH, ESQ., Attorney for Greenbrier Oil Company, of Santa Fe, New Mexico this 25 day of November 1953.

Thomas F. McKenna
Thomas F. McKenna

SUMMONS

STATE OF NEW MEXICO



To OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO
AND
GREENERIES OIL COMPANY, a partnership

, Defendant

Greeting:

You are hereby commanded to be and appear before the First Judicial District Court of the State of New Mexico, sitting within and for the County RIO ARRIBA, that being the County in which the complaint herein is filed, within thirty days after service of this Summons, then and there to answer the complaint of R. J. PALMER, Plaintiff in the above cause.

You are hereby notified that unless you appear and answer, the Plaintiff R. J. PALMER

will apply to the court for the relief demanded in the complaint together with the costs of suit.

Witness the Hon. David W. Carmody, Judge of the First Judicial District Court of the State of New Mexico, and the seal of the District Court of RIO ARRIBA County this 28th day of DECEMBER, A. D., 1953

Margaret L. McClure
Clerk of the District Court, First Judicial District

By Conrado Trujillo Deputy.

A statement of the nature of the action in general terms, viz: *Copy attached*
This statement should be filled out in all cases when a copy of the complaint is not served with the summons.

..... Clerk
By..... Deputy

AFFIDAVIT OF SERVICE

STATE OF NEW MEXICO

County of.....

ss.

I,, being first duly sworn on oath state:
That I am a citizen of the United States and over the age of eighteen years, and not a party to said action:
that I have made service of the within summons in the above-named county and state, by delivering a true
copy of this summons, together with a copy of the complaint, filed in said cause to (each of) of the follow-
ing defendant..... herein named, to-wit:

..... on, 19.....
..... on, 19.....
..... on, 19.....

Subscribed and sworn to before me this..... day of, 19.....

Notary Public

My Commission expires

No. *6177*
FIRST JUDICIAL DISTRICT COURT,
COUNTY OF RIO ARriba
R. J. PALMER
vs.
OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO
AND
GREENRIVER OIL COMPANY, a partnership
SUMMONS
Name and Address of Plaintiff's Attorney
H. J. OVERMAN
McKENNA & BOWEN
ALAZA BLDG.
SANTA FE, N.M.
SOUTHWESTERN PUBLISHING CO.

CERTIFICATE OF SERVICE
State of New Mexico
County of } ss.
I,
Sheriff of County,
New Mexico, do hereby certify that this writ
came to hand the
day of, 19.....
and there was at the same time delivered to me
for service herewith cop.....
of this summons and cop..... of
the complaint filed therein; that I made serv-
ice herein by delivering one copy of this sum-
mons and one copy of the complaint herein to
each of the within named defendant..... within
the said County of
follows, to-wit:
.....
..... (Name)
on (Date of Service) and
on
.....
FEE FOR SERVICE
Serving writ and return . \$
Mileage \$
Total \$
Sheriff, or Individual Making Service

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 12, 1953

Mr. Thomas M. Mearns, Attorney
Santa Fe, New Mexico

Dear Sir:

We enclose signed copy for your client, R. J. Palmer, of
Order R-385 issued by this Commission in Case 574, which was
brought up for hearing upon Mr. Palmer's application and
your representation.

Very truly yours,

W. B. Mearns
Chief Engineer

WMH:mr

cc: Mr. Oliver Seth, Santa Fe
(Attorney for Greenbrier Oil Co.)

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JAN 8 1954

STATE OF NEW MEXICO
COUNTY OF RIO ARriba

IN THE DISTRICT COURT

R. J. PALMER,
Plaintiff,

vs.

NO. 6177

OIL CONSERVATION COMMISSION, et al,
Defendants.

ACCEPTANCE OF SERVICE

Comes now the OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO,
by its attorney, George A. Graham, and hereby acknowledges and accepts service
of a copy of the summons and complaint issued in the above referred to cause
of action, the same as though the same had been served on it respectively, as
provided by law, at Santa Fe, New Mexico, this 8th day of January, 1954.

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

By:

George A. Graham
Santa Fe, New Mexico
It's Attorney

591

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF W. P. CARR FOR APPROVAL OF
AN UNORTHODOX DRILLING UNIT
FOR PICTURED CLIFFS GAS WELLS
IN SAN JUAN COUNTY, NEW MEXICO

PETITION

Comes now W. P. Carr by his attorney, Jason W. Kellanin,
P. O. Box 331, Santa Fe, New Mexico, and petitions this honor-
able Commission for an order approving, as an exception to Com-
mission Rule No. 104 (d), a drilling unit of less than 160 sur-
face acres, in the SW $\frac{1}{4}$ of Sec. 9, Twp. 30 N., Rge. 11 W., N.M.P.M.
and in support thereof, would show the Commission as follows:

1. That Petitioner is the holder of oil and gas leases on
a total of 133 acres within the boundaries of the SW $\frac{1}{4}$ of Sec. 9,
in Twp. 30 N., Rge. 11 W., N.M.P.M.
2. That diligent effort has been made to obtain leases on
the balance of lands within this quarter section, without success.
3. That all but 4 acres of the lands upon which Petitioner
has been unable to obtain leases are within the townsite of Aztec,
New Mexico, and the owner's thereof are numerous and diverse, mak-
ing it impractical to obtain leases thereon.
4. That Petitioner is desirous of drilling wells to the
Pictured Cliffs common source of supply upon the lands held by
him, and is unable to commit the entire 160 acres of the SW $\frac{1}{4}$ of
Sec. 9, as required by Commission Rule No. 104 (d).

WHEREFORE, Petitioner prays this Commission issue its order
granting him an exception to the provisions of Rule 104 (d), as
to the SW $\frac{1}{4}$ of Sec. 9, in Twp. 30 N., Rge. 11 W., N.M.P.M.

Together with suitable provision for the protection of cor-

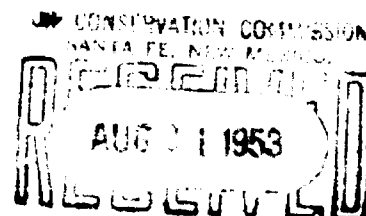
relative rights, as the Commission may determine.

Respectfully submitted,

W. P. Carr

by Jason W. Kellahin
Jason W. Kellahin, Attorney

Jason W. Kellahin
Box 361
Santa Fe, New Mexico,
Attorney for Petitioner



BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF R. J.
PALMER, LINDRITH, NEW MEXICO, FOR A
PERMANENT ORDER PROHIBITING GREENBRIER OIL
COMPANY FROM REMOVING, TAKING OR IN ANY
OTHER MANNER INTERFERING WITH THE TUBING,
CASING OR OTHER EQUIPMENT LOCATED IN OR ON
THE PALMER NO. 1 WELL, NE $\frac{1}{4}$ SW $\frac{1}{4}$ OF SE $\frac{1}{4}$ OF
SEC. 1, T. 24 N., R. 2 W., N.M.P.M., RIO
ARRIBA COUNTY, NEW MEXICO, AND ALSO REQUEST-
ING AN EMERGENCY ORDER

Comes now R. J. Palmer of Lindrith, New Mexico, and respectfully
represents to the Oil Conservation Commission of the State of New Mexico,
that he is the owner of the Palmer No. 1 well, located in NE $\frac{1}{4}$ SW $\frac{1}{4}$ of SE $\frac{1}{4}$ of
Sec. 1, T. 24 N., R. 2 W., N.M.P.M., Rio Arriba County, New Mexico, and that
said well is capable of producing in commercial quantities; and that said
well is presently shut-in.

The applicant further represents that in and on such well there is
located tubing, casing and other equipment; that the said Greenbrier Oil
Company has stated to the applicant that it intends to remove such tubing,
casing and other equipment; and that a purported agent of the Greenbrier Oil
Company has stated to the applicant that such removal will take place Monday,
August 24, 1953, or some time immediately thereafter. The applicant further
represents that if such removal or pulling is allowed, it will cause
irreparable injury to the said Palmer No. 1 well and that such removal or
pulling is adverse to the interest of conservation and prevention of waste.

Wherefore, this applicant respectfully requests that this matter be
set down for hearing on due notice, and that at such hearing a permanent order
be issued preventing Greenbrier Oil Company from taking any such action as
set out herein, and further requests that this Commission issue its emergency
order prohibiting the Greenbrier Oil Company from taking any of the threatened
actions in connection with the said well as set out herein.

DONE at Santa Fe, New Mexico, this 20 day of August
1953.

R. J. PALMER

By

Thomas F. McKenna
Thomas F. McKenna

Attorney for Applicant
302 E. Palace Ave.
Santa Fe, N. Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF R. J. PALMER FOR AN EMERGENCY
ORDER IN CONNECTION WITH THE APPLI-
CATION OF R. J. PALMER, LINDRITH,
NEW MEXICO, FOR A PERMANENT ORDER
PROHIBITING GREENBRIER OIL COMPANY
FROM REMOVING, TAKING OR IN ANY
OTHER MANNER INTERFERING WITH THE
TUBING, CASING OR OTHER EQUIPMENT
LOCATED IN OR ON THE PALMER NO. 1
WELL, NE $\frac{1}{4}$ SW $\frac{1}{4}$ OF SE $\frac{1}{4}$ OF SEC. 1,
T. 24 N., R 2 E., N.M.P.M., RIO
ARRIBA COUNTY, NEW MEXICO, AND ALSO
REQUESTING AN EMERGENCY ORDER

CASE NO. 574
ORDER NO. E-4

EMERGENCY ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter for an emergency order having come on for considera-
tion, and the Commission having read the application filed in this cause by
R. J. Palmer, and being fully advised in the premises, finds:

1. That it has jurisdiction over this cause and over the subject
matter thereof.
2. That the applicant has requested a permanent order and has set
down that matter for regular hearing with the Oil Conservation Commission of
the State of New Mexico, and such hearing will be held after due notice
according to law in September 1953.
3. That the allegations of the applicant indicate that unless an
emergency order is issued irreparable injury will be done to the interests of
conservation and the prevention of waste.
4. That reasonable cause exists for the issuance of an emergency
order in the interest of conservation and the prevention of waste.

IT IS THEREFORE ORDERED:

1. That the Greenbrier Oil Company and its authorized agents, or
either of them, cease and desist and are hereby restrained from taking any
action in any manner, or attempting to take any action in any manner, to pull
or remove any of the tubing or casing or other equipment now located in or on
Palmer No. 1, or in any other manner interfering with the present status of
the Palmer No. 1 well.

DONE at Santa Fe, New Mexico, on the 21st day of August
1953.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. Walker
R. L. Spurrer (SEAL)

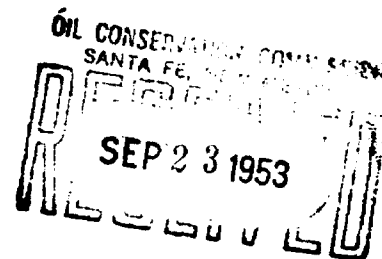
THOMAS F. MCKENNA

ATTORNEY AT LAW

302 EAST PALACE AVENUE

SANTA FE, NEW MEXICO

September 22, 1953



Mr. R. R. Spurrier
Oil Conservation Commission
State Capitol
Santa Fe, New Mexico

Dear Mr. Spurrier:

Enclosed herewith please find in triplicate the proposed Order in Case No. 574, R. J. Palmer.

Very truly yours,

A handwritten signature in cursive script, reading "Thomas F. McKenna".

Thomas F. McKenna

Enclosure

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 574

ORDER NO. _____

THE APPLICATION OF R. J. PALMER,
LINDRITH, NEW MEXICO, FOR A PERMANENT
ORDER PROHIBITING GREENBRIER OIL
COMPANY FROM REMOVING, TAKING OR IN ANY
OTHER MANNER INTERFERING WITH THE TUBING,
CASING OR OTHER EQUIPMENT LOCATED IN OR
ON THE PALMER NO. 1 WELL, NE $\frac{1}{4}$ SW $\frac{1}{4}$ of SE $\frac{1}{4}$ OF
SEC. 1, T. 24 N., R. 2 W., N.M.P.M. RIO
ARRIBA COUNTY, NEW MEXICO.

This cause came on for hearing at 9:00 o'clock A. M. on September 17, 1953, before the Oil Conservation Commission of New Mexico, hereafter referred to as the Commission.

Now, on this _____ day of _____ 1953, the Commission, a quorum being present, having considered the testimony adduced and the exhibits received in the hearings, and being fully advised in the premises,

FINDS:

- (1) That due public notice had been given as required by law.
- (2) That the Greenbrier-Palmer No. 1 well, as described above, after making a valuable discovery of natural gas in the Pictured Cliffs formation, was completed in October 1951 in the same formation as a well capable of producing natural gas in a valuable amount.
- (3) That such well was shut-in by the Greenbrier Oil Company in November 1951 because of the lack of marketable facilities and is presently in the same status as a shut-in gas well because of the lack of market facilities.
- (4) That the Commission has no jurisdiction to determine any question concerning the ownership or existence of any oil and gas lease on the premises herein involved, and that the petitioner has not applied for any such determination and consequently such determination is not involved in this hearing.

(5) That the Commission has no jurisdiction to determine the ownership of any casing, tubing or other equipment in, on or under the Greenbrier-Palmer No. 1 well, or the right to any compensation for such casing, tubing or other equipment, and that the petitioner has not applied for any such determination and consequently such determination is not involved in this hearing.

(6) That it is in the interest of conservation and the prevention of waste that wells capable of producing a valuable amount of gas not be destroyed, plugged or abandoned.

(7) That if the Greenbrier Oil Company or its agents or representatives be allowed to remove and pull the casing, tubing and other equipment located in, on or under the Greenbrier-Palmer No. 1 well, such well will be destroyed and will necessarily have to be plugged and abandoned.

(8) That it is in the interest of conservation and the prevention of waste that the casing, tubing and other equipment located on the Greenbrier-Palmer No. 1 well, a producible gas well, be not removed, pulled, taken away or interfered with in any similar manner.

(9) That the Commission has jurisdiction of the cause and subject matter hereof, in the interest of conservation and the prevention of waste, to prohibit and enjoin the removal, taking, plugging or in any other similar manner interfering with the casing, tubing and other equipment and the consequent loss, destruction, plugging and abandonment of such producible well, namely, the Greenbrier-Palmer No. 1 well.

IT IS THEREFORE ORDERED:

1. That the Greenbrier Oil Company, its agents or representatives, are hereby prohibited and enjoined from removing, taking, plugging, or in any other similar manner interfering with the casing, tubing and other equipment now located on, in or under the Greenbrier-Palmer No. 1 well, located in Section 1, Township 24 North, Range 2 West, N.M.P.M., Rio Arriba County,

State of New Mexico.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

By _____
Chairman

Member

Member

GILBERT, WHITE AND GILBERT

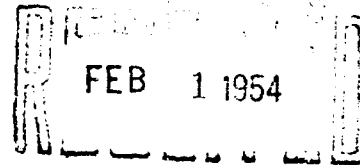
ATTORNEYS AND COUNSELORS AT LAW

BISHOP BUILDING

SANTA FE, NEW MEXICO

CARL H. GILBERT
L. C. WHITE
WILLIAM W. GILBERT
SUMNER S. KOCH

January 29, 1954



Mr. Richard R. Spurrier
Secretary
Oil Conservation Commission of the
State of New Mexico
Santa Fe, New Mexico

Re: Phillips Petroleum Company vs.
Oil Conservation Commission
No. 11422; and

R. J. Palmer vs. Oil Conservation
Commission, No. 6177

Dear Mr. Spurrier:

Enclosed herewith is a copy of my Answer in each of the
above cases for your information.

Very truly yours,

L. C. White
L. C. White

LCW:jhe
cc-Hon. Edwin L. Mechem
Hon. E. S. Walker

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
STANOLIND OIL AND GAS COMPANY FOR THE
APPROVAL OF THE BUFFALO UNIT AGREEMENT
AND AREA EMBRACING 6,127.07 acres OF
LAND LOCATED IN Township 18 South,
Range 33 East, and Township 19 South, Range 33 East,
LEA COUNTY, NEW MEXICO CASE NO. 576

APPLICATION

An application is hereby made by Stanolind Oil and Gas Company, a corporation, for approval by the Oil Conservation Commission, of an unit agreement entitled "Unit Agreement Buffalo Unit Area, County of Lea, State of New Mexico", said agreement having been entered into between the applicant herein as the Unit Operator and certain working interest owners and royalty owners as have, or may hereafter, subscribe to or consent to the agreement.

The Buffalo Unit Area embraces the following described lands located in Lea County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T.18S. R.33E

Sec. 33: All
Sec. 34: All
Sec. 35: All

T.19S. R.33E

Sec. 1: W/2
Secs. 2 to 4 Inclusive: All
Sec. 9: W/2
Secs. 10 and 11: All
Sec. 12: W/2

Total Unit Area embraces 6,127.07 acres, more or less.

At the hearing hereinafter requested, the requisite number of signed copies of the unit agreement will be submitted for approval and it is requested that the same be returned to the applicant in order that it may file the necessary counterparts thereof with the Department of the Interior of the United States for the purpose of obtaining final approval of the agreement by the Secretary of the Interior. After approval of the agreement by the Secretary of the Interior a complete and signed copy of the unit agreement will be filed in the Office of the Commissioner of Public Lands of the State of New Mexico. An unsigned copy of the unit agreement is herewith filed in the office of the Commission for a temporary record pending the receipt of the final completed copy.

The form of unit agreement has previously been considered by the Commissioner of Public Lands. Geological evidence concerning the structure affected by this unitization will be submitted at the hearing hereinafter requested.

With reference to the lands embraced in this unit, there is attached to the unsigned copy of the unit agreement hereinafter filed, a map of the unit area on which is shown the ownership of the various lands embraced in the said unit. The applicant is continuing efforts to obtain commitments to the unit agreement from those owners of interests who have not yet joined, and a full showing of the commitments will be made at the time of the hearing hereinafter requested.

Within the stated time after the date the unit agreement becomes effective, the unit operator is obligated to commence drilling operations on an adequate test well. Should commercial production be discovered the unitized operation will assure an orderly development program based on structural position and will enable productive operations to be conducted in accordance with the best over-all reservoir practices. Development and operation

will be conducted in accordance with the plans having the joint approval of Federal and State authorities. Under this agreement the State of New Mexico will receive its fair share of the oil and gas, and this will be allocated to it on an acreage basis in any and all participating areas that may be established. This unit agreement is in all respects to the best interests of the State of New Mexico and tends to eliminate waste and promote conservation of oil and gas.

The unit agreement makes express provision that additional parties may join, and to subject their interests to the said agreement after its final approval.

The Commission is respectfully requested to set this matter and application down for hearing and following said hearing to give its approval to the unit agreement.

Respectfully submitted this *August 26, 1953*

STANOLINE OIL and GAS COMPANY
By *Oliver J. Smith*
Its Agent and Attorney

Hoed

MEMORANDUM - 10/7/53

The transcript of this case has not been completed, and prior to his departure Mr. Spurrier directed Messrs. Utz & Arnold to test the subject well. This they ^{are} doing today or tomorrow. The transcript is supposed to show a request by one of the parties. When the report of the test is filed, the Commission, a quorum being present, should examine the record and conclude whether waste as defined in the statute, and/or derogation of Correlative rights would be committed by plugging a Commercial producer, if the well test so shows. I have not been able to find any case on this.

From recollection of the testimony and the controversy, it appears to me that the questions involved indicate that the proper Court should settle it.

10/6/53

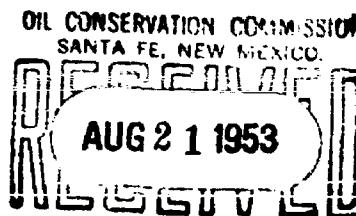
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FINDS

(1) That due notice was given as required by law, and the interested parties appeared in person and/or by their legal attorneys.

(2) That testimony adduced at the hearing, indicates that the possibility of waste resulting from plugging and abandonment of the subject well is remote in view of the production estimates which, if reasonably correct, would ^{not} permit recovery of original drilling costs within the foreseeable future.

3. That the ownership of the properties, and the legal relationships of the parties in the matter are outside the jurisdiction of this Commission.



BEFORE THE OIL CONSERVATION COMMISSION
OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF R. J.
PALMER, LINDRITH, NEW MEXICO, FOR A
PERMANENT ORDER PROHIBITING GREENBRIER OIL
COMPANY FROM REMOVING, TAKING OR IN ANY
OTHER MANNER INTERFERING WITH THE TUBING,
CASING OR OTHER EQUIPMENT LOCATED IN OR ON
THE PALMER NO. 1 WELL, NE $\frac{1}{4}$ SW $\frac{1}{4}$ OF SE $\frac{1}{4}$ OF
SEC. 1, T. 24 N., R. 2 W., N.M.P.M., RIO
ARRIBA COUNTY, NEW MEXICO, AND ALSO REQUEST-
ING AN EMERGENCY ORDER

Comes now R. J. Palmer of Lindrith, New Mexico, and respectfully
represents to the Oil Conservation Commission of the State of New Mexico,
that he is the owner of the Palmer No. 1 well, located in NE $\frac{1}{4}$ SW $\frac{1}{4}$ of SE $\frac{1}{4}$ of
Sec. 1, T. 24 N., R. 2 W., N.M.P.M., Rio Arriba County, New Mexico, and that
said well is capable of producing in commercial quantities; and that said
well is presently shut-in.

The applicant further represents that in and on such well there is
located tubing, casing and other equipment; that the said Greenbrier Oil
Company has stated to the applicant that it intends to remove such tubing,
casing and other equipment; and that a purported agent of the Greenbrier Oil
Company has stated to the applicant that such removal will take place Monday,
August 24, 1953, or some time immediately thereafter. The applicant further
represents that if such removal or pulling is allowed, it will cause
irreparable injury to the said Palmer No. 1 well and that such removal or
pulling is adverse to the interest of conservation and prevention of waste.

Wherefore, this applicant respectfully requests that this matter be
set down for hearing on due notice, and that at such hearing a permanent order
be issued preventing Greenbrier Oil Company from taking any such action as
set out herein, and further requests that this Commission issue its emergency
order prohibiting the Greenbrier Oil Company from taking any of the threatened
actions in connection with the said well as set out herein.

DONE at Santa Fe, New Mexico, this 20 day of August
1953.

R. J. PALMER

By

Thomas F. McKenna
Thomas F. McKenna

Attorney for Applicant
302 E. Palace Ave.
Santa Fe, New Mexico

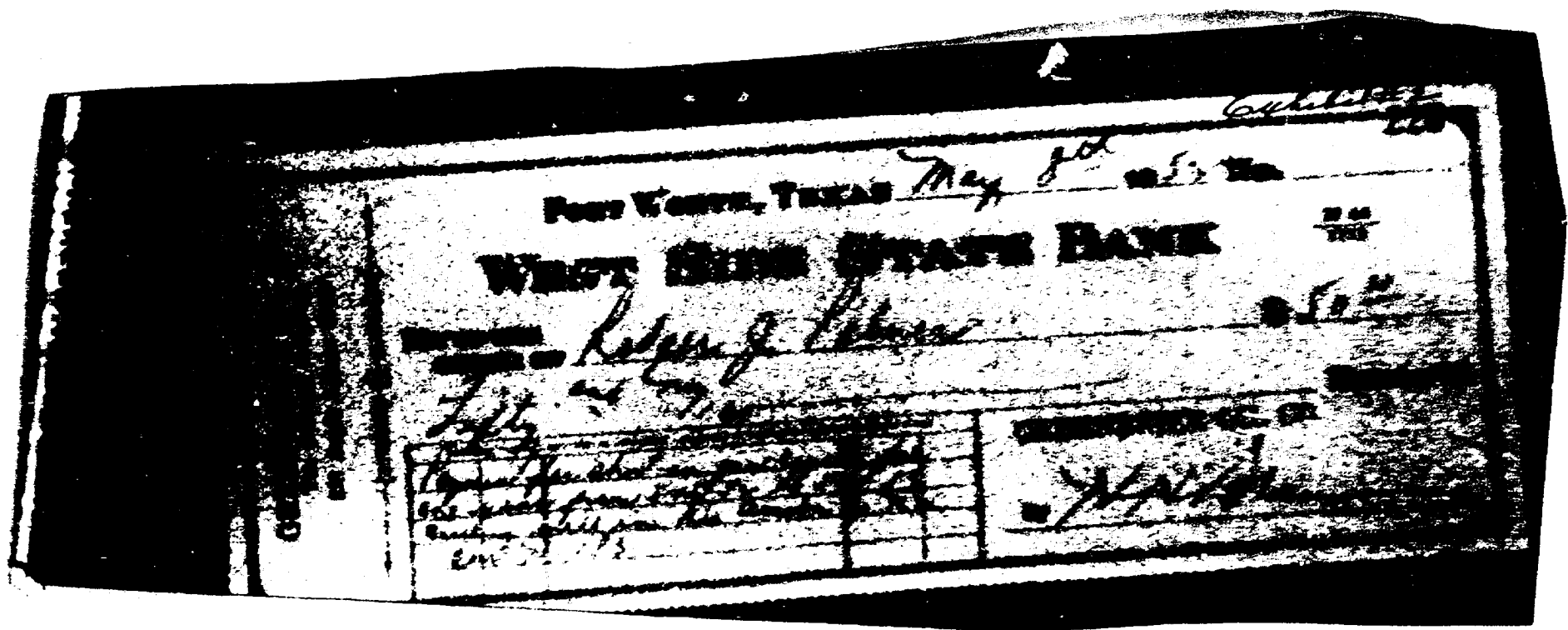
Legal Notice OCC Hearing

Publication:

Date: _____

CASE 574 _____:

In the matter of the application of R. J. Palmer for an order prohibiting Greenbrier Oil Company from removing, taking or in any other matter interfering with the tubing, casing or other equipment located in or on the Palmer No. 1 Well, NE/4 SW/4 SE/4 of Section 1, Township 24 North, Range 2 West, NMPM, Rio Arriba County, New Mexico.



GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

STATE OF NEW MEXICO COUNTY OF SANTA FE IN THE DISTRICT COURT

R. J. PALMER,

Plaintiff,

vs

No. 6179

OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO, and
COMMONWEALTH OIL COMPANY,
as ~~joint~~ defendants,

Defendants.

VERIFICATION OF PETITION.

Comes now L. C. WHITE and formally enters this, his withdrawal of
record as attorney for the Oil Conservation Commission of the State of New
Mexico, one of the above named Defendants.

L. C. White
L. C. WHITE

CERTIFICATE OF SERVICE BY MAIL.

I hereby certify that I have this 10 day of August, 1935, mailed a
copy of the foregoing to H. J. Gutmann, Plaza Building, Santa Fe, New Mexico;
McKenna & Sumner, 302 East Palace Avenue, Santa Fe, New Mexico; George A.
Graham, 212 East Santa Fe Avenue, Santa Fe, New Mexico; Seth & Montgomery,
111 East San Francisco, Santa Fe, New Mexico.

L. C. White
L. C. WHITE

GILBERT, WHITE AND GILBERT
ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

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CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have this 10 day of August, 1955, mailed a copy of the Suggesting to Oil Conservation Commission of the State of New Mexico, Santa Fe, New Mexico, and to Willard F. Kitts, 116 East Palace Avenue, Santa Fe, New Mexico. According to the trial docket, the above entitled cause has been set down for hearing September 28, 1955.

L. S. White
L. S. WHITE

STATE OF NEW MEXICO COUNTY OF SANTA FE IN THE DISTRICT COURT

R. J. PALMER,

Plaintiff,

vs.

No. 6179

OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO, and
GREENERIER OIL COMPANY,
a partnership,

Defendants.

ENTRY OF APPEARANCE

I hereby enter my appearance as attorney for the Oil Conserva-
tion Commission of the State of New Mexico, one of the defendants
in the above-entitled and numbered cause.

Willard F. Kitts
116 East Palace Avenue
Santa Fe, New Mexico

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have this ____ day of August, 1955,
mailed a copy of the foregoing Entry of Appearance to H. J. Guthman,
Plaza Building, Santa Fe, New Mexico; McKenna & Soumer, 302 East
Palace Avenue, Santa Fe, New Mexico; George A. Graham, 212 East
Santa Fe Avenue, Santa Fe, New Mexico; Seth & Montgomery, 111 East
San Francisco, Santa Fe, New Mexico.

Willard F. Kitts

POST OFFICE BOX 467

H. J. GUTHMANN
ATTORNEY AT LAW
PLAZA BUILDING
SANTA FE, NEW MEXICO

DIAL 3-7151

August 31, 1955

Hon. J. M. Scarborough
District Judge
First Judicial District
Santa Fe County Courthouse
Santa Fe, New Mexico

Re: Palmer v. C&M Construction
Commission, et al., No.
6277, Rio Arriba County.

Dear Judge Scarborough:

The above referred to case has been set for hearing at 9:30 A. M. on September 28, 1955.

Williams and Sumner are also attorneys for the Plaintiff, and we feel that the issues may be narrowed by a pre-trial conference, and hereby request that the Court grant our request for a pre-trial conference prior to the date of trial. It would be agreeable with us for the pre-trial conference to be set next week or the following week, if the Court can arrange such setting.

A copy of this letter is being mailed to the attorneys of record for the defendants so that they may be apprised of this request.

Sincerely yours,

H. J. Guthmann
H. J. GUTHMANN

cc:

Williams & Sumner
302 E. Palace Ave.
Santa Fe, New Mexico

George A. Graham
212 East Santa Fe Avenue
Santa Fe, New Mexico

John A. Montgomery
111 E. San Francisco
Santa Fe, New Mexico

Willard F. Kites
116 East Palace Avenue
Santa Fe, New Mexico

STATE OF NEW MEXICO

COUNTY OF SANTA FE

IN THE DISTRICT COURT

R. J. PALMER,

Plaintiff

vs.

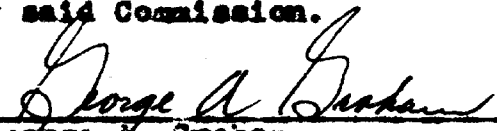
No: 6179

OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO, AND
GREENERIER OIL COMPANY,
A PARTNERSHIP,

Defendants

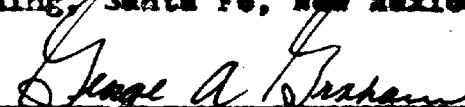
NOTICE OF WITHDRAWAL

Comes now George A. Graham and enters this, his withdrawal
in the above entitled cause as attorney for the Oil Conservation
Commission of the State of New Mexico, one of the defendants
herein, being no longer employed by said Commission.


George A. Graham

Certificate of Service by Mail

I certify that on this 31st day of August, 1955, I mailed
a copy of this instrument to H. J. Guthman, Plaza Building,
Santa Fe, New Mexico; McKenna & Scaner, 302 E. Palace Avenue,
Santa Fe, New Mexico; Seth & Montgomery, 111 E. San Francisco
Street, Santa Fe, New Mexico; and to Willard F. Kitts, Oil
Conservation Commission, Capitol Building, Santa Fe, New Mexico.


George A. Graham
Room 11, Gans Building
Santa Fe, New Mexico

STATE OF NEW MEXICO

FIRST JUDICIAL DISTRICT COURT

SANTA FE

CHAMBERS OF
JAMES M. SCARBOROUGH
JUDGE
DIVISION TWO

September 8, 1955

Mr. H. J. Guthmann
Attorney at Law
P. O. Box 487
Santa Fe, New Mexico

Re: Palmer v Oil Conservation Commission, et. al.
Rio Arriba County #6177

Dear Mr. Guthmann:

This is in reply to your letter of August 31, requesting setting of the case referred to for pre-trial prior to the date of final hearing, which has been set for September 28. The position of my calendar is such that I do not believe it will be possible to set this case for pre-trial prior to the date of final hearing. It may be that a pre-trial conference can be held preceding the beginning of the trial proper, if the attorneys feel that it would be helpful and expedite the hearing.

Very truly yours,

James M. Scarborough
JAMES M. SCARBOROUGH
District Judge

JMS:ar

cc: McKenna & Soumer
302 East Palace Avenue
Santa Fe, New Mexico

Seth & Montgomery
111 East San Francisco
Santa Fe, New Mexico

Mr. George A. Graham
212 East Santa Fe Avenue
Santa Fe, New Mexico

Mr. Willard F. Kitts
116 East Palace Avenue
Santa Fe, New Mexico

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Y

STATE OF NEW MEXICO COUNTY OF RIO ARriba IN THE DISTRICT COURT

R. J. PALMER,
Plaintiff,

vs.

NO. 6177

OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO,
and GREENBRIER OIL COMPANY,
a partnership,
Defendants.

S T I P U L A T I O N

Subject to the approval of the Court, IT IS STIPULATED by R. J. Palmer, by his attorneys, H. J. Guthmann and Messers, McKenna and Sommer, and Greenbrier Oil Company by its attorneys, Seth and Montgomery, that the above entitled action and the Petition for Review of R. J. Palmer be dismissed, under the following terms and conditions:

1. Greenbrier Oil Company shall be permitted to remove from the well known as Palmer No. 1 well located in the Northeast Quarter of the Southwest Quarter of the Southeast Quarter of Section 1, Township 24 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, all of the tubing contained therein and all surface equipment including, but not by way of limitation, the Christmas-Tree.

2. Upon removal of the equipment mentioned in the foregoing paragraph Greenbrier Oil Company shall place a cap on the well fitted with a working pressure valve of 2000 pounds capacity and fitted with a suitable gauge, all to be done in accordance with good practice and any applicable rules of the Oil Conservation Commission.

3. Greenbrier Oil Company will notify the Oil Conservation Commission in writing of the fact that R. J. Palmer has undertaken the operation and assuming the ownership of the well, and will

request approval of such transfer and that Greenbrier Oil Company be released of its obligation to plug the said well and to be released of its obligation under the plugging bond, insofar as the described well is concerned.

4. It is further stipulated that Greenbrier Oil Company will arrange for a cancellation of permission to abandon said well, which permission was granted by the Oil Conservation Commission.

5. It is further stipulated that the lease on which the well is located, the same being dated November 19, 1949, between R. J. Palmer as Lessor, and Frank B. Murta and Russell Cobb as Lessees, and as the said lease may have thereafter been amended, has terminated by reason of the failure to pay shut-in payments.

6. It is stipulated that each of the parties hereto release the other from any and all obligations and duties that may have arisen in connection with the said well and lease at any time heretofore.

H. J. GUTHMANN
MCKENNA & SOMMER
Attorneys for Plaintiff
R. J. Palmer

By: _____

SETH AND MONTGOMERY
Attorneys for defendant
Greenbrier Oil Company

By: _____

OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO

By: _____

Its Attorney.