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JUL 24 1986

SYLVIA L. SEDILLO
District Court Clerk

FIRST JUDICIAL DISTRICT
COUNTY OF SANTA FE
STATE OF NEW MEXICO

JOHN ETCHEVERRY,

v.

NO. SF 86-1509(c)

SAGE OIL COMPANY, a Texas
Corporation, STATE LAND OFFICE;
and OIL CONSERVATION DIVISION.

ANSWER

New Mexico Oil Conservation Division (hereinafter "OCD" or "Division") a defendant in the above-referenced action responds to the Plaintiff's Complaint as follows:

1. Defendant OCD is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph one of the Complaint.

2. Defendant OCD is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph two of the Complaint, and therefore denies same. However a review of Division records indicates that Sage Oil Company is not a corporation but a sole proprietorship or partnership, and that it is properly

registered and bonded with the Division to carry out business in New Mexico.

3. The allegations in paragraph three are admitted, except that there are certain State lands over which the State Land Office does not have custody and control.

4. The allegations contained in paragraph four are admitted except that the Division also has offices in Hobbs, Aztec and Artesia, New Mexico.

5. Defendant OCD is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph five.

6. The allegation contained in paragraph six are responded to as in paragraphs one through five respectively.

7. Defendant admits that by the terms of Order No. R-7150 it authorized salt water injection by Sage Oil Company pursuant to NMSA 70-2-12(B)(15) through the Shell State SWD Well No. 1, and that Sage Oil Company has used such well to dispose of produced water into the San Andres formation. Defendant OCD is without information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph seven.

8. Defendant OCD is without knowledge or information sufficient to form a belief as to the allegations contained in paragraph eight, and therefore denies same.

9. Defendant OCD is without knowledge or information sufficient to form a belief as to the allegations contained in paragraph nine, and therefore denies same.

10. Defendant OCD is without knowledge or information sufficient to form a belief as to the allegations contained in paragraph ten, and therefore denies same.

11. Defendant OCD is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph eleven, and therefore denies same.

12. Defendant OCD is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph twelve, and therefore denies same.

13. Defendant OCD is without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph thirteen and denies that injection of water into the San Andres constitutes an intentional trespass to the property of Defendant.

14. Defendant OCD denies the allegations contained in paragraph fourteen.

15. Defendant OCD denies the allegations contained in paragraph fifteen and believes that Plaintiff is entitled to no relief.

16. In response to the allegation contained in paragraph sixteen, Defendant OCD reincorporates its responses to paragraphs one through fifteen, respectively.

17. Defendant OCD admits that the injection of produced water by Sage Oil Co. commenced during 1983, but denies that such injection has resulted in the "accumulation of salt water in and upon the subsurface mineral lands that Plaintiff owns" or that any such "accumulation" is actionable in trespass.

18. Defendant OCD denies the allegations contained in paragraph eighteen.

19. Defendant OCD denies the allegations contained in paragraph nineteen and believes that Plaintiff is entitled to no relief.

20. In response to the allegations contained in paragraph twenty, Defendant OCD reincorporates its responses to paragraphs one through nineteen, respectively.

21. Defendant OCD denies the allegations contained in paragraph twenty-one and believes that Plaintiff is entitled to no relief.

22. In response to the allegations contained in paragraph twenty-two, Defendant OCD reincorporates its responses to paragraphs one through twenty-one, respectively.

23. Defendant OCD denies the allegations contained in paragraph twenty-three.

WHEREFORE Defendant OCD respectfully requests that this Court deny Plaintiff's claims and dismiss the Complaint on file herein.

FIRST DEFENSE

Plaintiff has failed to state a claim upon which relief can be granted.

SECOND DEFENSE

Plaintiff has failed to exhaust applicable administrative remedies.

THIRD DEFENSE

Plaintiff's claim is barred by the applicable Statute of Limitations.

FOURTH DEFENSE

Plaintiff's claims are barred by the doctrine of Sovereign Immunity.

FIFTH DEFENSE

Plaintiff's claims are barred by the doctrine of laches.

SIXTH DEFENSE

The Plaintiff is estopped from asserting the claims alleged in the Complaint.

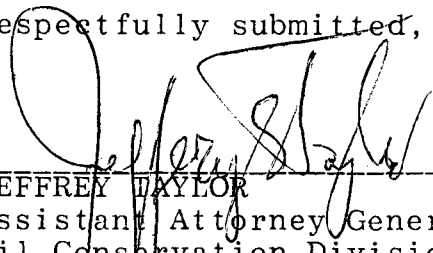
SEVENTH DEFENSE

The venue for the claims asserted by Plaintiff is improper.

EIGHTH DEFENSE

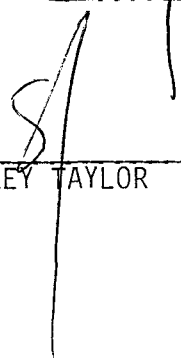
Service of Process was insufficient.

Respectfully submitted,



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I hereby certify that a true and correct copy of the
foregoing pleading has been mailed to all counsel
of record this 24 day of July, 1986.



JEFFREY TAYLOR