



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 22, 1981

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Gary Jeffreys, Esq.
P. O. Drawer 1559
Deming, New Mexico 88030

Re: OCD v. Han-San Inc., Rio
Arriba County Cause
No. 78-399

Dear Mr. Jeffreys:

Enclosed please find a conformed copy of
the Order of Dismissal entered in the above-
referenced cause.

Let me know if you have any questions.

Very truly yours,

ERNEST L. PADILLA
General Counsel

ELP/dr

enc.

RECEIVED
MAY 19 1981

APR 27 1981
OIL CONSERVATION DIVISION
SANTA FE

STATE OF NEW MEXICO

OIL CONSERVATION COUNTY OF RIO ARriba
SANTA FE
IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION)
DIVISION,)

Plaintiff,)

vs.)

HAN-SAN, INC.,)

Defendant.)

ORIGINAL PLEADING
FILED ON 5-18-81
R.A. COUNTY
DISTRICT COURT CLERK'S OFFICE
No. 78-399

ORDER OF DISMISSAL

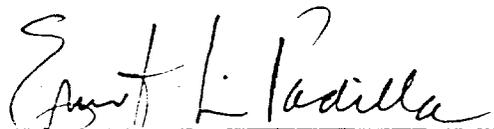
THIS MATTER, having come on before the Court upon the Stipulation of the parties hereto, and it appearing to the Court that the parties have agreed to a settlement and compromise of this matter without the necessity for trial;

IT IS THEREFORE ORDERED that the Complaint on file be dismissed with prejudice.

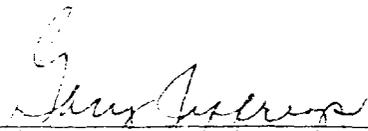
TONY SCARBOROUGH

DISTRICT JUDGE

APPROVED:



ERNEST L. PADILLA
Attorney for Plaintiff
P. O. Box 2088
Santa Fe, New Mexico 87501



GARY JEFFREYS, ESQ.
P. O. Drawer 1559
Deming, New Mexico 88030



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

April 29, 1981

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Ms. Dolores Lujan, Clerk
P. O. Box 2041
Santa Fe County Judicial Complex
Santa Fe, New Mexico 87501

Re: Oil Conservation Division
vs. Han-San, Inc.
Rio Arriba Cause No. 78-399

Dear Ms. Lujan:

Enclosed please find an original Stipulation for Dismissal together with an original and two copies of an Order of Dismissal in the subject case.

I would appreciate your submitting the proposed Order to Judge Garcia and if the same meets with his approval, I would appreciate your conforming the extra copies of the Order and returning them to me.

Thank you for your assistance.

Very truly yours,

ERNEST L. PADILLA
General Counsel

ELP/dr

enc.



STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION)	
DIVISION,)	
)	
Plaintiff,)	
)	No. 78-399
vs.)	
)	
HAN-SAN, INC.,)	
)	
Defendant.)	

STIPULATION FOR DISMISSAL

Comes now the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico by and through its Attorney, Ernest L. Padilla, and the Defendant Han-San, Inc. by and through its Attorney, Gary Jeffreys, and stipulate that all matters with respect to this controversy have now been resolved between the parties and that this case may be dismissed with prejudice.

JEFF BINGAMAN
 Attorney General

ERNEST L. PADILLA
 Assistant Attorney General for the
 Oil Conservation Division of the
 Energy and Minerals Department of the
 State of New Mexico
 P. O. Box 2088
 Santa Fe, New Mexico 87501

GARY JEFFREYS
 Attorney for Han-San, Inc.
 P. O. Drawer 1559
 Deming, New Mexico 88030



STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION)	
DIVISION,)	
)	
Plaintiff,)	
)	No. 78-399
vs.)	
)	
HAN-SAN, INC.,)	
)	
Defendant.)	

STIPULATION FOR DISMISSAL

Comes now the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico by and through its Attorney, Ernest L. Padilla, and the Defendant Han-San, Inc. by and through its Attorney, Gary Jeffreys, and stipulate that all matters with respect to this controversy have now been resolved between the parties and that this case may be dismissed with prejudice.

JEFF BINGAMAN
Attorney General

ERNEST L. PADILLA
Assistant Attorney General for the
Oil Conservation Division of the
Energy and Minerals Department of the
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

GARY JEFFREYS
Attorney for Han-San, Inc.
P. O. Drawer 1559
Deming, New Mexico 88030

LAW OFFICES OF
GARY JEFFREYS
A PROFESSIONAL CORPORATION
P.O. DRAWER 1559
DEMING, NEW MEXICO 88030

GARY JEFFREYS
KENT COOPER

TELEPHONE
(505) 546-2781

April 14, 1981

Mr. Ernest L. Padilla
General Counsel
Energy and Minerals Dept.
P. O. Box 2088
Santa Fe, NM 87501

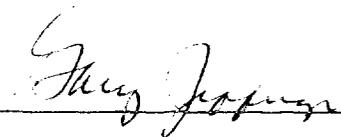
Re: NM Oil Conservation Div.
v. Han-San, Inc.

Dear Mr. Padilla:

Please find enclosed the original of the stipulation and proposed order in the above matter. I would appreciate your having the clerk provide me with a conformed copy of the order when it is entered.

Sincerely,

GARY JEFFREYS, P.C.

By 

GJ:s
Enclosure



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

April 13, 1981

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Gary Jeffreys, Esq.
P. O. Drawer 1559
Deming, New Mexico 88030

Re: New Mexico Oil Conservation
Division vs. Han-San, Inc.
Rio Arriba County Cause
No. 78-399

Dear Mr. Jeffreys:

Enclosed for your approval is a Stipulation and Order of Dismissal in the above-referenced cause. If the form of these pleadings meets with your approval, I would appreciate your executing the same in the space therein provided and returning the original of each pleading to me for filing with the Court.

Very truly yours,

ERNEST L. PADILLA
General Counsel

ELP/dr

enc.

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION)
DIVISION,)

Plaintiff,)

vs.)

HAN-SAN, INC.,)

No. 78-399

Defendant.

ORDER OF DISMISSAL

THIS MATTER, having come on before the Court upon the Stipulation of the parties hereto, and it appearing to the Court that the parties have agreed to a settlement and compromise of this matter without the necessity for trial;

IT IS THEREFORE ORDERED that the Complaint on file be dismissed with prejudice.

DISTRICT JUDGE

APPROVED:

ERNEST L. PADILLA
Attorney for Plaintiff
P. O. Box 2088
Santa Fe, New Mexico 87501

GARY JEFFREYS, ESQ.
P. O. Drawer 1559
Deming, New Mexico 88030

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION)
DIVISION,)
)
Plaintiff,)
) No. 78-399
vs.)
)
HAN-SAN, INC.,)
)
Defendant.)

STIPULATION FOR DISMISSAL

Comes now the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico by and through its Attorney, Ernest L. Padilla, and the Defendant Han-San, Inc. by and through its Attorney, Gary Jeffreys, and stipulate that all matters with respect to this controversy have now been resolved between the parties and that this case may be dismissed with prejudice.

JEFF BINGAMAN
Attorney General

ERNEST L. PADILLA
Assistant Attorney General for the
Oil Conservation Division of the
Energy and Minerals Department of the
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

GARY JEFFREYS
Attorney for Han-San, Inc.
P. O. Drawer 1559
Deming, New Mexico 88030

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION)
DIVISION,)

Plaintiff,)

vs.)

HAN-SAN, INC.,)

No. 78-399

Defendant.

ORDER OF DISMISSAL

THIS MATTER, having come on before the Court upon the Stipulation of the parties hereto, and it appearing to the Court that the parties have agreed to a settlement and compromise of this matter without the necessity for trial;

IT IS THEREFORE ORDERED that the Complaint on file be dismissed with prejudice.

DISTRICT JUDGE

APPROVED:

ERNEST L. PADILLA
Attorney for Plaintiff
P. O. Box 2088
Santa Fe, New Mexico 87501

GARY JEFFREYS, ESQ.
P. O. Drawer 1559
Deming, New Mexico 88030

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION)	
DIVISION,)	
)	
Plaintiff,)	
)	No. 78-399
vs.)	
)	
HAN-SAN, INC.,)	
)	
Defendant.)	

STIPULATION FOR DISMISSAL

Comes now the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico by and through its Attorney, Ernest L. Padilla, and the Defendant Han-San, Inc. by and through its Attorney, Gary Jeffreys, and stipulate that all matters with respect to this controversy have now been resolved between the parties and that this case may be dismissed with prejudice.

JEFF BINGAMAN
Attorney General

ERNEST L. PADILLA
Assistant Attorney General for the
Oil Conservation Division of the
Energy and Minerals Department of the
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

GARY JEFFREYS
Attorney for Han-San, Inc.
P. O. Drawer 1559
Deming, New Mexico 88030

LAW OFFICES OF
GARY JEFFREYS
A PROFESSIONAL CORPORATION
P. O. DRAWER 1559
DEMING, NEW MEXICO 88030
June 4, 1979

TELEPHONE
(505) 546-2781

GARY JEFFREYS
KENT COOPER

RECEIVED
JUN 3 - 1979
OIL CONSERVATION
DIVISION
SANTA FE, NM

Honorable Lorenzo F. Garcia
First Judicial District
P. O. Box 2268
Santa Fe, NM 87501

Re: New Mexico Oil Conservation Division
vs. Han-San, Inc., RA 78-399

Dear Judge Garcia:

Please find enclosed a copy of the order vacating the trial setting in the above matter. I understand that Mr. Padilla, plaintiff's counsel, has no objection and he has forwarded a letter to you so indicating.

Your considerations in this matter have been appreciated.

Respectfully,

GARY JEFFREYS, P. C.

By _____

GJ/d

Enclosure

cc: Mr. Ernest Padilla w/enc.

C
O
P
Y

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

No. RA 78-399

HAN-SAN, INC.,

Defendant.

ORDER

THIS MATTER having come before the Court upon the application of defendant for a vacation of the trial date of June 14, 1979 due to a conflict in schedule and it appearing that counsel for plaintiff has no objection to the vacating of said trial date and good cause appearing therefor,

IT IS HEREBY ORDERED that the trial date heretofore set for June 14, 1979 is hereby vacated to be reset by the Court at a later time.

DISTRICT JUDGE



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 24, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Gary Jeffreys, Esq.
P. O. Drawer 1559
Deming, New Mexico 88030

Re: New Mexico Oil Conservation
Division vs. Han-San Inc.,
Rio Arriba County Cause
No. 78-399

Dear Mr. Jeffreys:

I have no objection to vacating the trial in the above-referenced cause which is set on June 14 on a trailing docket. I prefer, however, that the trial be rescheduled after June 30. I would appreciate that you advise me of available trial dates before obtaining a definite setting.

Very truly yours,

ERNEST L. PADILLA
General Counsel

ELP/dr

cc: The Honorable Lorenzo
F. Garcia
District Judge
P. O. Box 2268
Santa Fe, New Mexico 87501



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 24, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 627-2434

Gary Jeffreys, Esq.
P. O. Drawer 1559
Deming, New Mexico 88030

Re: New Mexico Oil Conservation
Division vs. Han-San Inc.,
Rio Arriba County Cause
No. 78-399

Dear Mr. Jeffreys:

I have no objection to vacating the trial in the above-referenced cause which is set on June 14 on a trailing docket. I prefer, however, that the trial be rescheduled after June 30. I would appreciate that you advise me of available trial dates before obtaining a definite setting.

Very truly yours,

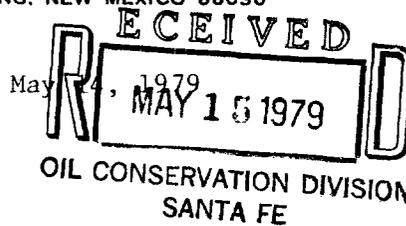
ERNEST L. PADILLA
General Counsel

ELP/dr

cc: The Honorable Lorenzo
F. Garcia
District Judge
P. O. Box 2268
Santa Fe, New Mexico 87501

LAW OFFICES OF
GARY JEFFREYS
A PROFESSIONAL CORPORATION
P. O. DRAWER 1559
DEMING, NEW MEXICO 88030

GARY JEFFREYS
KENT COOPER



TELEPHONE
(505) 546-2781

Lorenzo F. Garcia, Judge
First Judicial District
P. O. Box 2268
Santa Fe, New Mexico 87501

Re: New Mexico Oil Conservation Division vs. Han-San, Inc.
No: 78-399

Dear Judge Garcia:

I have received notice in the above-styled proceedings for a hearing on the merits. I had previously made plans to be out of the office from June 8 through June 30. Much of this time will be spent out of state.

Accordingly, I would ask that this matter be set for another time if at all possible, either before or after the above dates. Your consideration in this matter will be appreciated.

Sincerely yours,

GARY JEFFREYS, P. C.

By _____

GJ/jm
xc: Ernest L. Padilla

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION)	
DIVISION,)	
)	
Plaintiff,)	
)	
vs.)	No. 78-399
)	
HAN-SAN, INC.,)	
)	
Defendant.)	

NOTICE OF ENTRY OF APPEARANCE

Please take notice that the undersigned hereby enters his appearance on behalf of the Oil Conservation Division of the State of New Mexico, in the above-numbered and styled cause.

ERNEST L. PADILLA
Special Assistant Attorney General
P. O. Box 2088
Santa Fe, New Mexico 87501
Phone: (505) 327-2741

I hereby certify that on the
_____ day of _____,
1979, a copy of the foregoing
pleading was mailed to opposing
counsel of record.

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.

No. 78-399

NOTICE OF ENTRY OF APPEARANCE

Please take notice that the undersigned hereby enters his appearance on behalf of the Oil Conservation Division of the State of New Mexico, in the above-numbered and styled cause.

ERNEST L. PADILLA
Special Assistant Attorney General
P. O. Box 2088
Santa Fe, New Mexico 87501
Phone: (505) 827-2741

I hereby certify that on the
_____ day of _____,
1979, a copy of the foregoing
pleading was mailed to opposing
counsel of record.

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

NEW MEXICO OIL CONSERVATION DIVISION

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.

RECEIVED
MAY 10 1979
OIL CONSERVATION DIVISION
SANTA FE
NO. 78-399

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the above cause of action will be called for hearing before the undersigned Judge for the time, date, place and purpose indicated.

1:30 P.M. JUNE 14, 1979 DISTRICT COURT, DIVISION III
TIME DATE PLACE

NON-JURY TRIAL TWO HOURS
NATURE OF HEARING TIME RESERVED

OTHER COMMENTS:

THIS IS SET ON A TRAILING DOCKET.

LORENZO F. GARCIA
DISTRICT JUDGE

DATE NOTICE MAILED: 5/9/79 *pm*

cc: LYNN TESCHENDORF
Attorney at LAW
P.O. Box 2088
Santa Fe, NM 87501

GARY JEFFREYS, ESQUIRE
P.O. Drawer 1559
Deming, NM 88030



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

March 1, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

The Honorable Lorenzo F. Garcia
District Judge
P. O. Box 2268
Santa Fe, New Mexico 87501

Re: New Mexico Oil Conservation
Division vs. Han-San, Inc.,
Cause No. RA 78-399

Dear Judge Garcia:

I hereby request a setting for trial of the merits in the above-styled cause. This is a non-jury trial; estimated time is two hours. Opposing counsel of record is Gary Jeffreys, P. O. Drawer 1559, Deming, New Mexico 88030.

Very truly yours,

(Ms.) LYNN TESCHENDORF
General Counsel

LT/dr

cc: Gary Jeffreys

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

No. RA 78-399

HAN-SAN, INC.,

Defendant.

ANSWERS TO INTERROGATORIES

COMES NOW the defendant and answers plaintiff's Interrogatories in accordance with Rule 33 of the New Mexico Rules of Civil Procedure.

INTERROGATORY NO. 1. State the name, address and position with Defendant of the person furnishing the answers to these Interrogatories.

ANSWER. Kenneth Hand, President, 1112 South Copper, Deming, New Mexico 88030.

INTERROGATORY NO. 2. If you will do so without an Order to Produce Documents, please attach the following to your answers to these Interrogatories:

a. copies of each and every form or letter filed with or sent to either the United States Geological Survey or the Plaintiff concerning the Grevey Well No. 4, since June 1, 1978.

ANSWER. (a) Attached hereto are the following documents:

(1) Application for permit to drill, deepen or plug back (Form 9-331C) dated June 20, 1978.

(2) Sundry Notices and Reports on Wells (Form 9-331) dated 8-21-78.

(3) Letter of June 20, 1978 by David R. Graves.

INTERROGATORY NO. 3. Has any work been performed on the Grevey Well No. 4 since June 1, 1978?

ANSWER. Yes.

INTERROGATORY NO. 4. If so, please state:

a. a detailed description of the work performed, including all equipment utilized;

b. the names, addresses and employment of the persons performing such work;

c. the date(s) of any such work.

ANSWER. (a) See letters of David R. Graves dated August 27, 1978 and January 4, 1979 attached hereto.

(b) Numex Drilling Co., David R. Graves, Box 314, Tyrone, New Mexico.

(c) Same as (a).

INTERROGATORY NO. 5. What is the present status of the Grevey Well No. 4?

ANSWER. See letter of David R. Graves dated January 4, 1979, attached hereto.

INTERROGATORY NO. 6. Please describe in detail the original casing and cementing program for the well.

ANSWER. See letter of David R. Graves dated January 4, 1979 attached hereto.

INTERROGATORY NO. 7. Please describe in detail any alterations or additions to this original casing and cementing program.

ANSWER. See letter of David R. Graves dated January 4, 1979 attached hereto.

INTERROGATORY NO. 8. Were any fresh water zones encountered during the drilling of the Grevey Well No. 4?

ANSWER. No.

INTERROGATORY NO. 9. If so, state the depth at which each such zone was encountered.

ANSWER. Not applicable.

INTERROGATORY NO. 10. To your knowledge, is there any fresh water underlying Section 26, Township 26 North, Range 1 East?

ANSWER. No.

June 20, 1978

United States Department of the Interior
Geological Survey
P.O. Box 1809
Durango, Colorado 81301

Attention: Edward A. Schmidt

Re: Greasy # 4
N.M. 012833, Puerta Chiquito

Dear Sir:

Enclosed is original and 6 copies of Form 9-33E. Application for Permit to Drill, Deepen or Plug Back on the above referenced well.

This is in accordance with our conversation today. Due to the time limit of the State Oil Conservation Commission I will contact you the early part of next week.

David H. Graves
Miller
For Har-San Inc.
Box ~~2618~~ 2618
Silver City, N.M. 88061

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

FORM 177 (REV. 1-1977)
WATER-ORIENTED

Report Form No. 177
U.S. GEOLOGICAL SURVEY

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT" for such proposals.)

1. NAME OF OPERATOR: Grevey

2. ADDRESS OF OPERATOR: 2055' FNL x 510' FWL of Sec. 26

3. COUNTY OF San Juan STATE OF N.M.

4. FIELD AND POOL, OR ACREAGE: Puerta Chiquita

5. WELL NO.: 4

6. DATE OF REPORT: 9-21-78

7. COUNTY OF San Juan STATE OF N.M.

8. ELEVATIONS (Show whether DP, WT, CR, etc.): 7023 GR

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT	
TEST WATER SHUT-OFF	<input type="checkbox"/>	WATER SHUT-OFF	<input type="checkbox"/>
FRACURE TREAT	<input type="checkbox"/>	FRACURE TREATMENT	<input type="checkbox"/>
SHOOTING OR ACIDIZING	<input type="checkbox"/>	SHOOTING OR ACIDIZING	<input type="checkbox"/>
CHANGE PLANE	<input checked="" type="checkbox"/>	(Other)	<input type="checkbox"/>
PLUG OR ALTER CASING	<input checked="" type="checkbox"/>	REPAIRING WELL	<input type="checkbox"/>
MULTIPLE COMPLETS	<input type="checkbox"/>	REPAIRING CASING	<input type="checkbox"/>
ABANDON*	<input type="checkbox"/>	ABANDONMENT*	<input type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

11. DESCRIBE REASON FOR COMPLETED OPERATIONS. Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for BH markers and zones pertinent to this work.

Due to the highly fractured oil pay encountered at 1978 ft., we submit the following proposal for completion of Grevey #4: Set drillable wire line plug at 1775 ft., topped with 15 ft. cal-seal plug, set with dump bailer. If appropriate plug is unavailable cover pay zone with gravel topped by 25' cal seal plug. Mud up hole. Pull existing 1770 ft. of 5 1/2" casing, ream 4 3/4" hole to 6 3/4" from approximately 1780 ft. to cement plug, and run 4 1/2" J-55, 9.50 lb. casing to bottom. Cement with 48 sacks cement. Drill cement plugs with cable tools and drill to bottom of pay zone approximately 2005 ft. Completed open hole. We will be ready to start this program as soon as our rig can be converted to a rotary cable tool combination, approximately 2 weeks--9-1-78.

12. I hereby certify that the foregoing is true and correct.

SIGNED: [Signature] TITLE: _____ DATE: 9-21-78

APPROVED BY: _____ TITLE: _____ DATE: _____

CONDITIONS OF APPROVAL, IF ANY:

ILLEGIBLE

*See instructions on Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
 DRILL DEEPEN PLUG BACK

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER
 SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Lawson, Inc.

3. ADDRESS OF OPERATOR
1112 O. Lopez Leasing, N.M. 88030

4. LOCATION OF WELL (Specify location clearly and in accordance with any State requirements.*)
 At surface *2055' T&E & 570' T&E of Sec. 28*
 At proposed prod. zone *same as above*

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
33 miles North of Cuba, N.M.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)
 16. NO. OF ACRES IN LEASE *540*

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.
 19. PROPOSED DEPTH *2000 ft*

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
7023 ft.

5. LEASE DESIGNATION AND SERIAL NO.
4.4. 012#33

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

9. WELL NO.
Leasey - 4

10. FIELD AND POOL, OR WILDCAT
Gueto / Humilo

11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 28 T. 28N. R. 18E

12. COUNTY OR PARISH 13. STATE
10 miles N.M.

17. NO. OF ACRES ASSIGNED TO THIS WELL

20. ROTARY OR CABLE TOOLS
rotary

22. APPROX. DATE WORK WILL START*
upon approval

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT

Propose to deepen well from 1780 ft. to approximately 2000 ft. to test greenhouse formation. If oil or gas production is encountered, set an approved liner to production zone. If hole is dry, to plug and abandon with approved plugging program.

The existing location and roads will be adequate, so no environmental change will be necessary.

Original APD was approved for drilling to a T.D. of 2195' EAS.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Walter R. Green* TITLE *Drilling Contractor* DATE *June 20, 1978*

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

Walter R. Green

*See Instructions On Reverse Side

August 27, 1978

Hon. Gary Jeffreys
Attorney at Law
P.O. Drawer 1559
Deming, N. M. 88030

Dear Gary:

The following is my statement of events and a schedule of work performed on Han-San Inc.'s Grevey # 4, along with a copy of the cover letter sent to the USGS office in Durango and a copy of our current report filed with the USGS for approval.

soon as

This work was performed as/possible under the circumstances. On June 11, I inspected the location. On June 18 I took a geologist up for a report, called the USGS office in Durango on June 20. Filed a report requesting permission to deepen hole, moved pit and mud equipment to Kenneth's trailer house on June 24, moved rig from Jemez Springs to Kenneth's trailer house on June 30--when we received USGS approval. During the month of July we moved everything off the location, hired a tractor to dig a hole for metal circulating pit--after we found we couldn't dig it with Kenneth's road grader because the Forest Service had forced him to cover up the old mud pits too soon. We rigged up the rig and started drilling as soon as this pit was set. This work was done in a workmanlike manner using good oil field practices. The delay during July caused me a problem with other commitments. I usually have my rig committed 5 or 6 months in advance.

The USGS people were aware that we were working because of a field inspection, so the oil commission was less than dillignet in their inspection.

We plan to start completion of this well soon after the 1st of September as indicated by the 1st report filed with the USGS.

If you need to contact me I am currently staying in Truth or Consequences Room 18, Rio Grande Motel.

Sincerely,

David R. Graves, Driller
Box 314
Tyrone, N. M. 88065

ILLEGIBLE

January 4, 1979
Box 314
Tyrone, N. M. 88065

Re: Interrogatories
State of New Mexico
vs.
Mun-Lan Inc.
No. RA 78-399
County of Arriba
District Court

Mr. Gary Jeffreys
Attorney at Law
P.O. Drawer 1559
Dering, N. M. 88030

Dear Gary:

In answer to your request for a description of the work performed on Grevey # 4 I submit the following:

We moved our rig to Llaves on June 24; rigged up in July after we set the circulating pit then deepened hole from the existing 1780' to 1980'--drilling with crude oil.

we encountered a highly fractured oil bearing formation at 1975' and lost circulation at 1978'. This formation is typical of the producers in this area; at this depth the well produced very little oil but a large quantity of low pressure gas, which is unusual for this area.

Due to prior commitments we moved the rig off August 8, 1978 and rigged up a Wilson pulling unit to try and recover the oil we lost and ascertain the oil production. We filed a Sundry Report with USGS on August 21, 1978 to deepen hole and change the casing program.

We moved the rig and equipment back to Grevey # 4 on October 12, 1978. Rigged up and during October, November, and December we deepened the hole from 1980' to 2017' with air but were unable to clean hole due to the lost circulation zone. We finally cemented this zone with 2½ sacks of neat cement-- which may be successful, as we shut off the gas.

While changing the drill pipe a piece of the well head was dropped in the hole. We are fishing for this at the present time. The reason this last phase has taken so long is that we had 8 or 9 weeks of rain and unbelievably muddy conditions. The location became so soft we had to move the rig off and build a board pad to support the rig. Now that the weather has normalized and frozen we may be able to finish soon.

-1-

ILLEGIBLE

Page 2.
Gary Jeffreys
1-4-79

The rig is presently on location and will remain until we complete the well or plug it with an approved plugging program.

This is a list of equipment used in performing this work :

Mayhew 1000 Drilling rig-Air and Mud Combination. (this rig has been rebuilt and has drilled five 2000' plus oil wells.)
5X10 Gardner Denver Skid mounted pump
Atlas Copco 600 Compressor
8000' Wilson Pulling Unit
International 4X\$ water truck
Ford Winch Truck with float
Chevrolet Tank Truck
D-7 Caterpillar Tractor
Caterpillar 12 rod grader
Circulation Pit

My company is NuMex Drilling Co. Box 314 Tyrone, New Mexico 88065, but until this project is finished my temporary mailing address is General Delivery , Cuba, N. M.

The 233' section of Grevey # 4 that I drilled had no fresh water bearing formations. Since the original 1775' was drilled with mud and the 1770' of 5 1/2" casing wasn't cemented because they couldn't break circulation any fresh water zones would have to be adequately protected until we can finish. The mud is still trapped behind the casing as it has never leaked any water or mud since I have been working on the well--as you can see by the report filed we plan to change the casing size and cement with an approved cementing program.

This area is a thrust fault with the formation dipping 50° plus one direction and 20° plus another direction consisting of a few hundred feet of Mesa Verde sandstone overlying the Mancos shale which contains the oil bearing siltstone. There is no danger of contaminating any fresh water zones nature hasn't already contaminated.

I have had a considerable amount of experience drilling this formation in New Mexico, Colorado, Utah and Wyoming and have been a licensed water well driller in New Mexico the last nine years. I want to assure you and the Oil and Gas Commission we will either complete or plug this well in accordance with the regulations of the three government agencies involved but it will certainly expedite the matter if a little cooperation between the agencies could be counted on, thus saving a lot of time and unnecessary paper work.

Sincerely,

ILLEGIBLE

David R. Graves
Box 314
Tyrone, N. M. 88065

Page 2.
Gary Jeffreys
1-4-79

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Caterpillar 12 rod grader
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Sincerely,

ILLEGIBLE

David R. Graves
Box 314
Tyrone, N. M. 88065

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

ORIGINAL PLEADING
FILED ON

12-19-78

COUNTY

DISTRICT COURT CLERK'S OFFICE

No. RA 78-399

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.

INTERROGATORIES

Plaintiff New Mexico Oil Conservation Division, by and through its attorney Lynn Teschendorf, respectfully requests that Defendant Han-San, Inc. answer the following Interrogatories under oath, pursuant to the New Mexico Rules of Civil Procedure within fifteen (15) days from the date of service of these Interrogatories upon its attorney.

1. State the name, address and position with Defendant of the person furnishing the answers to these Interrogatories.
2. If you will do so without an Order to Produce Documents, please attach the following to your answers to these Interrogatories:
 - a. copies of each and every form or letter filed with or sent to either the United States Geological Survey or the Plaintiff concerning the Grevey Well No. 4, since June 1, 1978.
3. Has any work been performed on the Grevey Well No. 4 since June 1, 1978?
4. If so, please state:
 - a. a detailed description of the work performed, including all equipment utilized;
 - b. the names, addresses and employment of the persons performing such work;

c. the date(s) of any such work.

5. What is the present status of the Grevey Well No. 4?

6. Please describe in detail the original casing and cementing program for the well.

7. Please describe in detail any alterations or additions to this original casing and cementing program.

8. Were any fresh water zones encountered during the drilling of the Grevey Well No. 4?

9. If so, state the depth at which each such zone was encountered.

10. To your knowledge, is there any fresh water underlying Section 26, Township 26 North, Range 1 East?

11. If so, state where that fresh water is located, giving the location to the nearest 40-acre tract.

12. Did you ever receive a copy of Order No. R-5567?

13. If so, state the date on which you received it.

NEW MEXICO OIL CONSERVATION DIVISION

By Lynn Teschendorf
LYNN TESCHENDORF
Assistant Attorney General
P. O. Box 2088
Santa Fe, New Mexico 87501

I hereby certify that on the
. 19th . day of . Dec
19 . 78 . . , a copy of the fore-
going pleading was mailed to
opposing counsel of record.
..... Lynn Teschendorf

Hau San, Inc.
Grevey #4
E-26-26N-1E

Aug 28-78

Intent to abandon

June 27, 78

Suppl to deepen.

Certified receipt

Order

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT ORIGINAL PLEADING

FILED ON

11-22-78
COUNTY

NEW MEXICO OIL CONSERVATION
DIVISION,

DISTRICT COURT CLERK'S OFFICE

Plaintiff,

No. RA 78-399

vs.

HAN-SAN, INC.,

Defendant.

ANSWERS TO INTERROGATORIES

Comes now Joe D. Ramey for the Plaintiff New Mexico Oil Conservation Division, and hereby answers under oath the Interrogatories propounded by Defendant as follows:

Q1. State your name and present address.

A1. Joe D. Ramey

Rt. 2, Box 331Y, Santa Fe, New Mexico 87501

Q2. State in what capacity you are employed with the plaintiff.

A2. Director

Q3. State the name, address and employment of all persons who have relevant information to support the allegation in your complaint that the defendant "knowingly and willfully violated the regulation and order of the Commission by its failure to comply with the terms of said Order."

A3. Joe D. Ramey, Rt. 2, Box 331Y, Santa Fe, New Mexico
Director, Oil Conservation Division

A. R. Kendrick, 802 Mossman Ave., Aztec, New Mexico
District Supervisor, Oil Conservation Division

Charles C. Cholson, Box 337, Bloomfield, New Mexico
Field Representative, Oil Conservation Division

Q4. State each and every fact upon which you will rely in support of your allegation that the defendant "knowingly and

willfully violated the regulation and order of the Commission by its failure to comply with the terms of said Order."

A4. Defendant received notice of the October 12, 1977, hearing as evidenced by the return receipt attached hereto as Exhibit A. Defendant has admitted in his Answer that he received notice of and appeared at the October 12, 1977, hearing. Defendant was mailed a copy of the order issued pursuant to that hearing, as evidenced by the letter attached hereto as Exhibit B. In approximately February, 1978, Kenneth Hand met with A. R. Kendrick and asked for a 60 day extension in which to comply with the terms of Order No. R-5567. Defendant has admitted in his Answer that by letter dated June 5, 1978, another extension was granted. Field inspections of the well by Charles Gholson on June 27, 1978, and October 6, 1978, showed that the well has not been plugged or placed on production.

3/ Joe D. Ramey
JOE D. RAMEY

Subscribed and sworn to before me this 3/ 22nd day of November, 1978.

3/ Diana Richardson
NOTARY PUBLIC

My Commission Expires:

3/ 10/28/81

NEW MEXICO OIL CONSERVATION DIVISION

I hereby certify that on the 22nd day of Nov., 1978, a copy of the foregoing pleading was mailed to opposing counsel of record.

BY: 3/ Lynn Teschendorf
LYNN TESCHENDORF, Attorney
P. O. Box 2088
Santa Fe, New Mexico 87501

U.S. POSTAL SERVICE
OFFICIAL BUSINESS



PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE \$3000



Postmark of Service Office

SENDER INSTRUCTIONS

Print in the space below your name, address, including ZIP Code.

- If special services are desired, check block(s) on other side.
- Moisten gummed ends and attach to back of article.

**RETURN
TO**

PS Form 3811
June 1973

**OIL CONSERVATION COMMISSION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO 87501**

CASE 6055

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

Show address
where delivered

Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE *(Must always be filled in)*

CERTIFIED NO.

481757

INSURED NO.

W.K. Hand
SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED

SEP 27 1977

SHOW WHERE DELIVERED *(Only if requested, and include ZIP Code)*

Ex. A



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
November 7, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Kenneth Hand
Han-San, Inc.
P. O. Box 1936
Roswell, New Mexico 88201

Re: CASE NO. 6055
ORDER NO. R-5567

Applicant:

OCC (Han-San, Inc.)

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,

Joe D. Ramey
JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC x

Other _____

Ex. B

STATE OF NEW MEXICO

COUNTY OF RIO ARriba

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

No. RA 78-399

HAN-SAN, INC.,

Defendant.

INTERROGATORIES

TO: New Mexico Oil Conservation Division, and its attorney, Lynn Teschendorf,
P.O. Box 2088, Santa Fe, New Mexico 87501

The defendant requests that the plaintiff under oath, in accordance with Rule 33 of the New Mexico Rules of Civil Procedure, answer the following interrogatories.

1. State your name and present address.
2. State in what capacity you are employed with the plaintiff.
3. State the name, address and employment of all persons who have relevant information to support the allegation in your complaint that the defendant "knowingly and willfully violated the regulation and order of the Commission by its failure to comply with the terms of said Order."
4. State each and every fact upon which you will rely in support of your allegation that the defendant "knowingly and willfully violated the regulations and order of the Commission by its failure to comply with the terms of said Order."

GARY JEFFREYS, P.C.

By _____
Attorney for Defendant
P.O. Drawer 1559
Deming, NM 88030

I hereby certify that I have mailed a copy of the foregoing Interrogatories to opposing counsel of record this ____ day of November, 1978.

STATE OF NEW MEXICO

COUNTY OF RIO ARriba

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

No. RA 78-399

HAN-SAN, INC.,

Defendant.

ANSWER TO FIRST AMENDED COMPLAINT

COMES NOW the defendant Han-San, Inc. by and through its attorneys,
Gary Jeffreys, P.C. (Gary Jeffreys) and in answer to plaintiff's complaint
to state:

1. That the defendant admits the allegations of paragraphs I, II,
III, IV, V, VI, VIII and X.
2. That the defendant denies the allegations of paragraphs VII,
IX and XI.

WHEREFORE, having fully answered the first amended complaint, de-
fendant asks that the same be dismissed.

GARY JEFFREYS, P.C.

By _____
Attorney for Defendant
P.O. Drawer 1559
Deming, NM 88030

I hereby certify that I have mailed a copy of the foregoing answer
to opposing counsel of record this ____ day of November, 1978.

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.

*Filed
11-6-78*

No. RA 78-399

ACCEPTANCE OF SERVICE

The undersigned acknowledges receipt of the First Amended Complaint in the above-captioned cause and accepts service thereof for and on behalf of Han-San, Inc.



GARY JEFFREYS
Attorney for Defendant

Date: 10-31-78



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

October 17, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Gary Jeffreys
P. O. Drawer 1559
Deming, New Mexico 88030

Dear Mr. Jeffreys:

Enclosed please find a copy of the First Amended Complaint filed on this date. Please sign and return the Acceptance of Service to my office.

Very truly yours,

LYNN TESCHENDORF
General Counsel

LT/dr

enc.

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.

*Filed
10-17-78*

No. RA 78-399

FIRST AMENDED COMPLAINT

Plaintiff states that:

I.

Plaintiff New Mexico Oil Conservation Division is a duly organized agency of the State of New Mexico (hereinafter, "the Division"); Defendant Han-San, Inc., is a corporation authorized to transact business in the State of New Mexico with its principal offices, place of business and residence in Deming, New Mexico.

Admit

II.

Defendant is the owner and operator of the Grevey Well No. 4 located in the SW/4 NW/4 of Section 26, Township 26 North, Range 1 East, N.M.P.M., Rio Arriba County, New Mexico.

Admit

III.

On October 12, 1977, an examiner hearing was called by the Oil Conservation Commission, now the Division, to permit Defendant to appear and show cause why the above-described well should not be plugged and abandoned in accordance with a Division-approved plugging program.

Admit

IV.

Defendant received notice of and appeared at said hearing in the person of its president Kenneth Hand.

Admit

V.

On November 1, 1977, the Oil Conservation Commission, now the Division, issued its Order No. R-5567 requiring Defendant to plug and abandon the well on or before January 31, 1978, or return the well to approved active drilling status or place the well on production. A copy of said Order is attached hereto as Exhibit A and by this reference is incorporated.

Admit

VI.

By letter dated June 5, 1978, the deadline for compliance with Order No. R-5567 was extended to June 26, 1978. A copy of said letter is attached hereto as Exhibit B and by this reference is incorporated.

Admit

VII.

Defendant had actual or constructive knowledge of said Order and has knowingly and willfully violated the regulations and Order of the Commission by its failure to comply with the terms of said Order.

Deny

VIII.

The State of New Mexico legislature has charged the Division with the duties of conservation of oil and gas, the prevention of contamination of fresh water, and requiring dry or abandoned wells to be plugged in such a way as to confine crude petroleum oil, natural gas or water in the strata in which they are found.

Admit

IX.

The failure of Defendant to plug said well poses a potential threat to fresh water and could lead to the waste of hydrocarbons.

Deny

X.

Rule 204 of the Division Rules and Regulations provides that "the owner of any well drilled for oil or gas, or any seismic, core or other exploratory holes, whether cased or uncased, shall be responsible for the plugging thereof."

Admit

XI.

Demy
Sections 65-3-24 and 65-3-27, N.M.S.A. 1953 Compilation, provide that an action may be instituted by the Division to recover a penalty of not to exceed \$1,000 a day for each and every violation of its rules, regulations or orders.

WHEREFORE, Plaintiff asks the Court:

1. For judgment against Defendant in an amount not to exceed \$1,000 for each day from June 26, 1978, until the date of judgment, said amount to be paid into the State Treasury as provided for in Article XII, Section 4, of the Constitution of the State of New Mexico.

2. For such further relief as the Court deems just and proper.

TONEY ANAYA
ATTORNEY GENERAL

By _____

LYNN TESCHENDORF
Assistant Attorney General
New Mexico Oil Conservation
Division
P. O. Box 2088
Santa Fe, New Mexico 87501

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. 6055
Order No. R-5567

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
TO PERMIT HAN-SAN, INC., AND ALL OTHER INTERESTED
PARTIES TO APPEAR AND SHOW CAUSE WHY THE GREVEY
WELL NO. 4, RIO ARriba COUNTY, NEW MEXICO, SHOULD
NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A
COMMISSION-APPROVED PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 12, 1977
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of November, 1977, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

- (1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.
- (2) That Han-San, Inc., is the owner and operator of the
Grevey Well No. 4, located in Unit E of Section 26, Township
26 North, Range 1 East, NMPM, Rio Arriba County, New Mexico.
- (3) That in order to prevent waste and protect correlative
rights said Grevey Well No. 4 should be plugged and abandoned
in accordance with a program approved by the Aztec district
office of the New Mexico Oil Conservation Commission on or
before January 31, 1978, or the well should be returned to
active drilling status or placed on production.

Ex. A

IT IS THEREFORE ORDERED:

(1) That Han-San, Inc., is hereby ordered to plug and abandon the Grevey Well No. 4, located in Unit E of Section 26, Township 26 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, on or before January 31, 1978, or return the well to approved active drilling status or place the well on production.

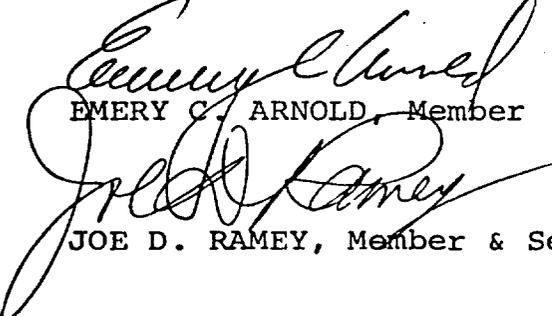
(2) That Han-San, Inc., prior to plugging and abandoning the above-described well, shall obtain from the Aztec office of the Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Aztec office of the date and hour said work is to be commenced whereupon the Commission may, at its option, witness such work.

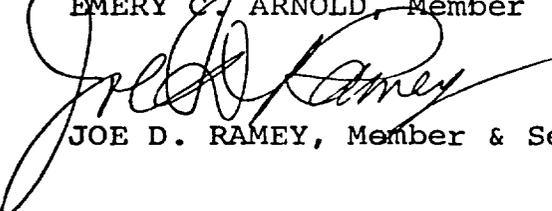
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

hr/



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87411
(505) 334-6178

June 5, 1978

Mr. Kenneth Hand
Han-San, Inc.
P. O. Box 1936
Roswell, New Mexico 88201

Re: Order R-5567

Dear Mr. Hand:

The subject order required your Grevey #4 well to be completed or plugged on or before January 31, 1978.

We have received no reports of action since your visit early this year.

If a rig is not on the well by June 26, 1978, we shall turn the matter to our legal department.

If there are questions, please contact us.

Yours very truly,

A. R. Kendrick
District Supervisor

xc: Oil Conservation Division, Santa Fe
U.S.G.S., Durango Colorado

ARK:no

EXHIBIT B



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

October 12, 1978

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Gary Jeffreys
P. O. Drawer 1559
Deming, New Mexico 88030

Re: New Mexico Oil Conservation
Division vs. Han-San, Inc.,
No. RA 78-399

Dear Mr. Jeffreys:

Enclosed is a copy of the Order signed and filed
by Judge Garcia on this date. Since I sent you a copy
of the First Amended Complaint on September 12, I have
not enclosed one herewith.

Very truly yours,

(Ms.) LYNN TESCHENDORF
General Counsel

LT/dr

enc.

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.

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*Filed
10-12-78*

No. RA 78-399

ORDER

This matter coming before the Court upon the Motion of Plaintiff New Mexico Oil Conservation Division to amend its Complaint, and the Court being sufficiently advised in the premises,

IT IS ORDERED that Plaintiff is hereby granted leave to file an Amended Complaint in the form attached as Exhibit A to Plaintiff's Motion for Order Granting Leave to Amend Complaint.

A. J. Garcia

DISTRICT JUDGE

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.

No. RA 78-399

Handwritten signature and date: 9-17-78

MOTION FOR ORDER GRANTING
LEAVE TO AMEND COMPLAINT

Comes now Plaintiff New Mexico Oil Conservation Division and asks the Court for an Order granting leave to file an Amended Complaint in the form attached hereto as Exhibit A and in support of this Motion states:

1. The Plaintiff is seeking relief under the provisions of Section 65-3-27, N.M.S.A. 1953 Comp., which section requires "knowing and willful violation" in order for the Defendant to be subjected to a penalty.

2. The Plaintiff failed to make an allegation of knowing and willful violation in its Complaint filed herein.

3. Amendments of pleadings are within the sound discretion of the trial court and should be freely permitted where justice requires. State ex rel. State Highway Commission v. Grenko, 80 N.M. 691, 460 P.2d 56 (1969).

4. As justice requires, Plaintiff should be allowed to amend its Complaint to include an allegation of knowing and willful violation.

WHEREFORE, an Order granting leave to amend the Complaint

of Plaintiff New Mexico Oil Conservation Division is requested.

NEW MEXICO OIL CONSERVATION DIVISION

By Lynn Teschendorf
LYNN TESCHENDORF
Attorney for Plaintiff
P. O. Box 2088
Santa Fe, New Mexico 87501

I hereby certify that on the
12th day of Sept
1978, a copy of the above
pleading was mailed to
opposing counsel of record,
Lynn Teschendorf

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION)	
DIVISION,)	
)	
Plaintiff,)	
)	No. RA 78-399
vs.)	
)	
HAN-SAN, INC.,)	
)	
Defendant.)	

FIRST AMENDED COMPLAINT

Plaintiff states that:

I.

Plaintiff New Mexico Oil Conservation Division is a duly organized agency of the State of New Mexico (hereinafter, "the Division"); Defendant Han-San, Inc., is a corporation authorized to transact business in the State of New Mexico with its principal offices, place of business and residence in Deming, New Mexico.

II.

Defendant is the owner and operator of the Grevey Well No. 4 located in the SW/4 NW/4 of Section 26, Township 26 North, Range 1 East, N.M.P.M., Rio Arriba County, New Mexico.

III.

On October 12, 1977, an examiner hearing was called by the Oil Conservation Commission, now the Division, to permit Defendant to appear and show cause why the above-described well should not be plugged and abandoned in accordance with a Division-approved plugging program.

IV.

Defendant received notice of and appeared at said hearing in the person of its president Kenneth Hand.

Ex. A

V.

On November 1, 1977, the Oil Conservation Commission, now the Division, issued its Order No. R-5567 requiring Defendant to pay a penalty of \$1,000 or to plug and abandon the well on or before January 31, 1978, or return the well to approved active drilling status or place the well on production. A copy of said Order is attached hereto as Exhibit A and by this reference is incorporated.

VI.

By letter dated June 5, 1978, the deadline for compliance with Order No. R-5567 was extended to June 26, 1978. A copy of said letter is attached hereto as Exhibit B and by this reference is incorporated.

VII.

Defendant had actual or constructive knowledge of said Order and has knowingly and willfully violated the regulations and Order of the Commission by its failure to comply with the terms of said Order.

VIII.

The State of New Mexico legislature has charged the Division with the duties of conservation of oil and gas, the prevention of contamination of fresh water, and requiring dry or abandoned wells to be plugged in such a way as to confine crude petroleum oil, natural gas or water in the strata in which they are found.

IX.

The failure of Defendant to plug said well poses a potential threat to fresh water and could lead to the waste of hydrocarbons.

X.

Rule 204 of the Division Rules and Regulations provides that "the owner of any well drilled for oil or gas, or any seismic, core or other exploratory holes, whether cased or uncased, shall be responsible for the plugging thereof."

XI.

Sections 65-3-24 and 65-3-27, N.M.S.A. 1953 Compilation, provide that an action may be instituted by the Division to recover a penalty of not to exceed \$1,000 a day for each and every violation of its rules, regulations or orders.

WHEREFORE, Plaintiff asks the Court:

1. For judgment against Defendant in an amount not to exceed \$1,000 for each day from June 26, 1978, until the date of judgment, said amount to be paid into the State Treasury as provided for in Article XII, Section 4, of the Constitution of the State of New Mexico.

2. For such further relief as the Court deems just and proper.

TONY ANAYA
ATTORNEY GENERAL

By *Lynn Teschendorf*
LYNN TESCHENDORF
Assistant Attorney General
New Mexico Oil Conservation
Division
P. O. Box 2088
Santa Fe, New Mexico 87501

I hereby certify that on the
. 12th day of Sept.
1978 a copy of the fore-
going pleadings was mailed to
opposing counsel of record.
... Lynn Teschendorf ...

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. 6055
Order No. R-5567

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
TO PERMIT HAN-SAN, INC., AND ALL OTHER INTERESTED
PARTIES TO APPEAR AND SHOW CAUSE WHY THE GREVEY
WELL NO. 4, RIO ARRIBA COUNTY, NEW MEXICO, SHOULD
NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A
COMMISSION-APPROVED PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 12, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of November, 1977, the Commission a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That Han-San, Inc., is the owner and operator of the Grevey Well No. 4, located in Unit E of Section 26, Township 26 North, Range 1 East, NMPM, Rio Arriba County, New Mexico.
- (3) That in order to prevent waste and protect correlative rights said Grevey Well No. 4 should be plugged and abandoned in accordance with a program approved by the Aztec district office of the New Mexico Oil Conservation Commission on or before January 31, 1978, or the well should be returned to active drilling status or placed on production.

Ex. A

IT IS THEREFORE ORDERED:

(1) That Han-San, Inc., is hereby ordered to plug and abandon the Grevey Well No. 4, located in Unit E of Section 26, Township 26 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, on or before January 31, 1978, or return the well to approved active drilling status or place the well on production.

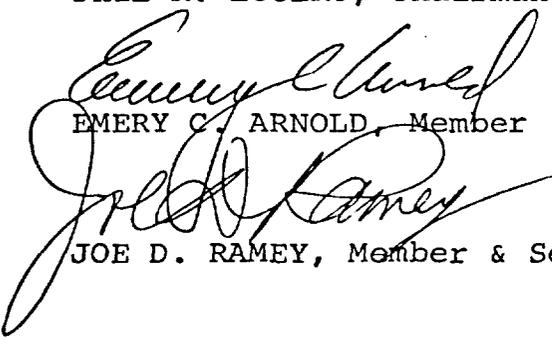
(2) That Han-San, Inc., prior to plugging and abandoning the above-described well, shall obtain from the Aztec office of the Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Aztec office of the date and hour said work is to be commenced whereupon the Commission may, at its option, witness such work.

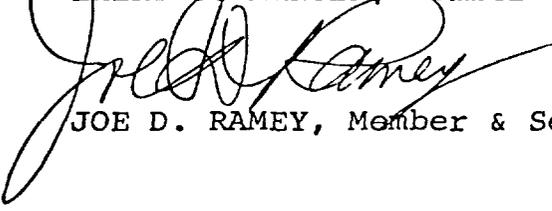
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

hr/



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87
(505) 334-6178

June 5, 1978

Mr. Kenneth Hand
Han-San, Inc.
P. O. Box 1936
Roswell, New Mexico 88201

Re: Order R-5567

Dear Mr. Hand:

The subject order required your Grevey #4 well to be completed or plugged on or before January 31, 1978.

We have received no reports of action since your visit early this year.

If a rig is not on the well by June 26, 1978, we shall turn the matter to our legal department.

If there are questions, please contact us.

Yours very truly,

A. R. Kendrick
District Supervisor

xc: Oil Conservation Division, Santa Fe
U.S.G.S., Durango Colorado

ARK:no

EXHIBIT B

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION
DIVISION,

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.

9-12-78
No. RA 78-399

RESPONSE TO MOTION TO
DISMISS

Comes now the Plaintiff New Mexico Oil Conservation Division and respectfully asks the Court to deny Defendant's Motion to Dismiss, and as grounds therefore states:

1. The Complaint contains "a short and plain statement of the claim showing that the pleader is entitled to relief." Rule 8(a), New Mexico Rules of Civil Procedure.

2. As long as the allegations show that the Plaintiff is entitled to relief, the omission of an allegation of knowing and willful violation does not constitute error. Plains White Truck Co. v. R. W. Steele, 75 N.M. 1, 399 P.2d 642 (1965).

3. The Plaintiff has pleaded in general terms, and therefore a specific allegation of knowing and willful violation is unnecessary. Martinez v. Cook, 56 N.M. 343, 244 P.2d 134 (1952).

4. The allegation of knowing and willful violation is implied by the other allegations of the Complaint.

5. The Plaintiff has alleged knowing and willful violation by its citation of Section 65-3-27, N.M.S.A. 1953 Comp.,

and it is not necessary to set forth the statute itself. Rule 9(h), New Mexico Rules of Civil Procedure.

6. Should the Court determine that the Complaint is deficient in the manner alleged by the Defendant, the Plaintiff requests leave to amend the Complaint in accordance with the Motion filed herein.

Therefore, Plaintiff respectfully requests that Defendant's Motion be denied.

Respectfully submitted,

NEW MEXICO OIL CONSERVATION DIVISION

By Lynn Teschendorf
LYNN TESCHENDORF
Attorney for Plaintiff
P. O. Box 2088
Santa Fe, New Mexico 87501

I hereby certify that on the
. 12th . day of . Sept
19 . 78 . . . a copy of the fore-
going pleading was mailed to
opposing counsel of record.
Lynn Teschendorf
.....

LAW OFFICES OF
GARY JEFFREYS
A PROFESSIONAL CORPORATION
P. O. DRAWER 1559
DEMING, NEW MEXICO 88030

GARY JEFFREYS
KENT COOPER

September 5, 1978

TELEPHONE
(505) 546-2781

Ms. Lyn Teschendorf
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: New Mexico Oil Conservation Division
vs. Han-San, Inc.
Rio Arriba No. RA-78-399

Dear Ms. Teschendorf:

Please find enclosed a copy of our Motion to Dismiss and Answer to the Complaint in the above matter.

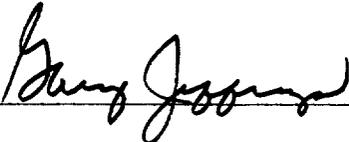
It is our opinion that the well has been returned to an active status and this should be more than evident by the end of September, when, I understand from our previous telephone conversation, that you would review this matter and determine the possibilities of settlement. I am enclosing herein a copy of a letter which I received on August 27, 1978 from Mr. David R. Graves who is the driller for Han-San, Inc. As you can see, he sets out his efforts prior to the expiration of time.

Your office should have certainly received a copy of our filings with the USGS prior to your taking the action of filing a Complaint. It would seem that our filing with the USGS and the work indicated by Mr. Graves' letter, indicates Han-San, Inc.'s good faith effort to put the well back into production.

We are willing to negotiate a settlement on this matter but certainly do not feel that any violation by Han-San, Inc. was knowingly and willfully done and are strongly opposed to paying any \$1,000 fine. If this matter can be settled on some other basis, please contact me.

Sincerely yours,

GARY JEFFREYS, P. C.

By 

GJ/jm
enclosures
cc: Kenneth Hand

See 45-3-17

August 27, 1978

Gen. Gary Jeffreys
Attorney at Law
P.O. Drawer 1559
Deming, N. M. 88030

Dear Gary:

The following is my statement of events and a schedule of work performed on Han-San Inc.'s Grevey # 4, along with a copy of the cover letter sent to the USGS office in Durango and a copy of our current report filed with the USGS for approval.

soon as

This work was performed as/possible under the circumstances. On June 11, I inspected the location. On June 18 I took a geologist up for a report, called the USGS office in Durango on June 20. Filed a report requesting permission to deepen hole, moved pit and mud equipment to Kenneth's trailer house on June 24, moved rig from Jemez Springs to Kenneth's trailer house on June 30--when we received USGS approval. During the month of July we moved everything off the location, hired a tractor to dig a hole for metal circulating pit--after we found we couldn't dig it with Kenneth's road grader because the Forest Service had forced him to cover up the old mud pits too soon. We rigged up the rig and started drilling as soon as this pit was set. This work was done in a workmanlike manner using good oil field practices. The delay during July caused me a problem with other commitments. I usually have my rig committed 5 or 6 months in advance.

The USGS people were aware that we were working because of a field inspection, so the oil commission was less than dilligent in their inspection.

We plan to start completion of this well soon after the 1st of September as indicated by the 1st report filed with the USGS.

If you need to contact me I am currently staying in Truth or Consequences Room 18, Rio Grande Motel.

Sincerely,

David R. Graves, Driller
Box 314
Tyrone, N. M. 88065

ILLEGIBLE

June 20, 1978

United States Department of the Interior
Geological Survey
P.O. Box 1809
Durango, Colorado 81301

Attention: Edward A. Schmidt

Re: ~~Greasy~~ # 4
N.M. 012833, Puerta Chiquito

Dear Sir:

Enclosed is original and 6 copies of Form 9-33K. Application for Permit to Drill, Deepen or Plug Back on the above referenced well.

This is in accordance with our conversation today. Due to the time limit of the State Oil Conservation Commission I will contact you the early part of next week.

David H. Graves
Miller
For Har-Son Inc.
Box ~~2618~~ 2618
Silver City, N.M. ~~88061~~

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

FORM NO. 107
(Other instructions
see back)

Form approved
by the Bureau of Reclamation
No. 42-84801

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. NAME OF OPERATOR
HARRISON, J.G.

2. ADDRESS OF OPERATOR
P.O. Box 100, or School, ... N. C.

3. TYPE OF WELL
 OIL
 GAS
 WATER
 OTHER

4. FIELD AND POOL, OR WILDCAT
Puerto Obispo

5. WELL NO.
4

6. FIELD OR LEASE NAME
GREVEY

7. COUNTY OF LOCATION
Rio Arriba

8. STATE
N.M.

9. ELEVATIONS (Show whether DT, WT, CR, etc.)
2055' FNL x 510' FWL of Sec. 26

10. COUNTY OF LOCATION
Rio Arriba

11. STATE
N.M.

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PAUSE WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input checked="" type="checkbox"/>
FRACTURE TREATMENT	<input type="checkbox"/>	MULTIPLE COMPLETE	<input type="checkbox"/>
SHOOTING OR ACIDIZING	<input type="checkbox"/>	ABANDON*	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANNING	<input checked="" type="checkbox"/>

SUBSEQUENT REPORT

WATER SHUT-OFF	<input type="checkbox"/>	REPAIRING WELL	<input type="checkbox"/>
FRACTURE TREATMENT	<input type="checkbox"/>	REPAIRING CASING	<input type="checkbox"/>
SHOOTING OR ACIDIZING	<input type="checkbox"/>	ABANDONMENT*	<input type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recombination Report and Log form.)

11. REPORT ON UNFINISHED OR COMPLETED OPERATIONS. (Clearly state all pertinent details, and give pertinent dates including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and points pertinent to this work.)

As the highly fractured oil pay encountered at 1978 ft., we submit the following proposal for completion of Grevey # 4: Set drillable wire line plug at 1775 ft., topped with 15 ft. cal-seal plug, set with dump bailer. If appropriate plug is unavailable cover pay zone with gravel topped by 25' cal seal plug. Mud up hole. Pull existing 1770 ft. of 5 1/2" casing, ream 4 3/4" hole to 6 3/4" from approximately 1780 ft. to cement plug, and run 4 1/2" J-55, 9.50 lb. casing to bottom. Cement with 40 sacks cement. Drill cement plugs with cable tools and drill to bottom of pay zone approximately 2055 ft. Completed open hole. We will be ready to start this program as soon as our rig can be converted to a rotary cable tool combination..approximately 2 weeks--9-1-78.

I hereby certify that the foregoing is true and correct

SIGNED *[Signature]* TITLE _____ DATE 9-21-78

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

COMPLETION OR APPROVAL, IF ANY.

ILLEGIBLE

*See instructions on Reverse Side

IN THE DISTRICT COURT OF RIO ARriba COUNTY, NEW MEXICO

NEW MEXICO OIL CONSERVATION DIVISION,

Plaintiff,

vs.

No. RE-78-399

HAN-SAN, INC.

Defendant.

MOTION TO DISMISS

COMES NOW the defendant and moves to dismiss plaintiff's complaint for the reason that the same fails to state a claim upon which relief can be granted for the reason that §65-3-27 N.M.S.A. 1953 Comp. allows the relief prayed for of up to \$1,000 per day only in the event a person "knowingly and willfully" violates any provision of the act or any rule, regulation or order . . ." (Emphasis supplied) and there has been no allegation that there was any knowing and willful violation.

GARY JEFFREYS, P. C.

By _____
P. O. Drawer 1559
Deming, New Mexico 88030

ANSWER

COMES NOW the defendant HAN-SAN, INC. by and through its attorneys, GARY JEFFREYS, P. C. (Gary Jeffreys) and in answer to plaintiff's complaint to state:

1. That defendant admits the allegations of paragraphs I, II, III, IV, V, VI, VIII and X.
2. That defendant denies the allegations of paragraphs VII, IX and XI.

WHEREFORE having fully answered plaintiff's complaint, defendant asks that the same be dismissed.

GARY JEFFREYS, P. C.

I hereby certify that I have
a copy of the foregoing complaint
opposed to the same on this
day of _____

By _____
P. O. Drawer 1559
Deming, New Mexico 88030

By _____



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

September 6, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Gary Jeffreys
Attorney at Law
P. O. Drawer 1559
Deming, New Mexico 88030

Re: Oil Conservation Division v.
Han-San, Inc., Rio Arriba
County Cause No. RA 78-399

Dear Mr. Jeffreys:

The statutory agent for Han-San, Inc., Mr. Clyde Stewart, was served with the Complaint in this case on August 2, 1978. According to my calculations, the Defendant is now in default, as no Answer has been filed.

We did have a telephone conversation in which we discussed an October 14 deadline for compliance. However, since you have never sent me your letter of confirmation to that effect, I must assume that there was no agreement as to that date.

Please file an Answer or call my office immediately. Otherwise, I intend to seek a Default Judgment.

Very truly yours,

LYNN TESCHENDORF
General Counsel

LT/dr

SUMMONS

In the District Court of the First Judicial District, in and for the County of Rio Arriba, State of New Mexico.

CASE No. 78-399

NEW MEXICO OIL CONSERVATION

HAN-SAN, INC.

DIVISION

vs.

Plaintiff

Defendant

THE STATE OF NEW MEXICO

To

Kenneth Hand
1112 S. Copper
Deming, New Mexico 88030

filed 9-6-78

080278 - NEG 10-25 CAP
080378 " " TF

DEFENDANT — GREETING:

You are hereby directed to serve a pleading or motion in response to the complaint within 30 days after service of this summons, and file the same, all as provided by law.

You are notified that, unless you so serve and file a responsive pleading or motion, the plaintiff will apply to the court for the relief demanded in the complaint.

Witness the HON. SANTIAGO E. CAMPOS, Judge of the First Judicial District Court of the State

THOMAS A. DONNELLY

of New Mexico, and the seal of the District Court of Rio Arriba County,

this 31st day of July, A.D. 1978

DOLORES LUJAN

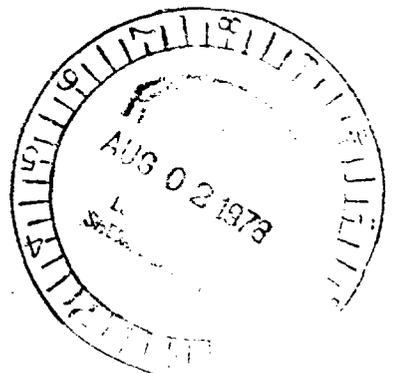
Clerk of the District Court, First Judicial District

By *Julio M. Torres*
Deputy

Attorney or Attorneys for Plaintiff and Address:

LYNN TESCHENDORF
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Name and Address of Plaintiff, if no attorney:



(Sheriff's return when service is made personally on defendants.)

STATE OF NEW MEXICO,

County of

ss.

I, _____ Sheriff of _____ County, State of New Mexico, do hereby certify, that I served the within summons on the _____ day of _____ by delivering a copy thereof, with copy of complaint attached, in the county aforesaid, to _____

Dated: _____

_____, Sheriff

Fees: _____

By _____

_____, Deputy

(Sheriff's return when service is made on defendants by leaving copy at usual place of abode.)

STATE OF NEW MEXICO,

County of Serna

ss.

I, Ed Arroyo Deputy Sheriff of Serna County, State of New Mexico, do hereby certify, that I served the within summons on the 14th day of Aug by delivering a copy thereof, with copy of complaint attached, in the county aforesaid, in person to Mrs. Kenneth Hand, (wife) a person over fifteen years of age, residing at the usual place of abode of defendant Kenneth Hand, who at the time of such service was absent therefrom.

Dated: 081478

Fees: \$6.00

B. D. Waldrop, Sheriff

By Ed Arroyo, Deputy

(Return when service is made personally on defendants by other than Sheriff.)

STATE OF NEW MEXICO,

County of

ss.

_____ being duly sworn, upon his oath says, I am over the age of eighteen years, I served the within summons on the _____ day of _____ by delivering a copy thereof, with copy of complaint attached, in the county aforesaid, in person to _____

Fees: _____

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

(Return when service is made on defendants by other than Sheriff by serving some one residing at usual place of abode of defendant who is then absent.)

STATE OF NEW MEXICO,

County of

ss.

_____ being duly sworn, upon his oath says, I am over the age of eighteen years, I served the within summons on the _____ day of _____ by delivering a copy thereof, with copy of complaint attached, in the county aforesaid to _____ a person over fifteen years of age, residing at the usual place of abode of defendant _____ who at the time of such service was absent therefrom.

Fees: _____

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

IN THE DISTRICT COURT OF RIO ARRIBA COUNTY, NEW MEXICO

NEW MEXICO OIL CONSERVATION DIVISION,

Plaintiff,

vs.

No. RA-78-399

HAN-SAN, INC.,

Defendant.

ENTRY OF APPEARANCE

COMES NOW, Gary Jeffreys, P.C. (Gary Jeffreys) and enter his appearance on behalf of the Defendant, HAN-San, Inc., in the above styled and numbered cause.

GARY JEFFREYS, P.C.

By _____
Attorney for Defendant
P. O. Drawer 1559
Deming, New Mexico 88030

I hereby certify that I mailed a copy of the foregoing instrument to Lynn Teschendorf, Assistant Attorney General, New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87501 this 22nd day of August, 1978.

7-14-78

Ray Jeffries - Atty
Deming

Applied to USES to
deepen well in June

Oct. 14 deadline for
compliance?

Will be fined.

Jeffries will write to
confirm.

copy

SUMMONS

In the District Court of the First Judicial District, in and for the County of Rio Arriba,
State of New Mexico.

CASE No. 78-399

NEW MEXICO OIL CONSERVATION

HAN-SAN, INC.

DIVISION

vs.

Plaintiff

Defendant

THE STATE OF NEW MEXICO

To

Clyde E. Stewart
500 E. Walnut
Deming, New Mexico 88030

*Filed
8-4-78*

DEFENDANT — GREETING:

You are hereby directed to serve a pleading or motion in response to the complaint within 30 days after service of this summons, and file the same, all as provided by law.

You are notified that, unless you so serve and file a responsive pleading or motion, the plaintiff will apply to the court for the relief demanded in the complaint.

Witness the HON. ~~SANTIAGO R. CAMPOS~~, Judge of the First Judicial District Court of the State

THOMAS A. DONNELLY

of New Mexico, and the seal of the District Court of Rio Arriba County,

this 31st day of July, A.D. 1978.

DOLORES IUIAN

Clerk of the District Court, First Judicial District

By Juan M. S. [Signature] Deputy

Attorney or Attorneys for Plaintiff and Address:

LYNN TESCHENDORF

Oil Conservation Division

P. O. Box 2088

Santa Fe, New Mexico 87501

Name and Address of Plaintiff, if no attorney:



(Sheriff's return when service is made personally on defendants.)

STATE OF NEW MEXICO,

County of LUNA

} ss.

I, BOB D WALDRUP Sheriff of LUNA County, State of New Mexico, do hereby certify, that I served the within summons on the 2ND day of AUGUST by delivering a copy thereof, with copy of complaint attached, in the county aforesaid, to CLYDE STEWART

Dated: 2 AUG 78

Fees: 6.00

BOB D. WALDRUP, Sheriff

By David M. Daniels, Deputy

(Sheriff's return when service is made on defendants by leaving copy at usual place of abode.)

STATE OF NEW MEXICO,

County of _____

} ss.

I, _____ Sheriff of _____ County, State of New Mexico, do hereby certify, that I served the within summons on the _____ day of _____ by delivering a copy thereof, with copy of complaint attached, in the county aforesaid, in person to _____ a person over fifteen years of age, residing at the usual place of abode of defendant _____, who at the time of such service was absent therefrom.

Dated: _____, Sheriff

Fees: _____ By _____, Deputy

(Return when service is made personally on defendants by other than Sheriff.)

STATE OF NEW MEXICO,

County of _____

} ss.

_____ being duly sworn, upon his oath says, I am over the age of eighteen years, I served the within summons on the _____ day of _____ by delivering a copy thereof, with copy of complaint attached, in the county aforesaid, in person to _____

Fees: _____

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

(Return when service is made on defendants by other than Sheriff by serving some one residing at usual place of abode of defendant who is then absent.)

STATE OF NEW MEXICO,

County of _____

} ss.

_____ being duly sworn, upon his oath says, I am over the age of eighteen years, I served the within summons on the _____ day of _____ by delivering a copy thereof, with copy of complaint attached, in the county aforesaid to _____ a person over fifteen years of age, residing at the usual place of abode of defendant _____ who at the time of such service was absent therefrom.

Fees: _____

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



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

July 31, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Sheriff of Luna
County
New Jail
Deming, New Mexico 88030

Re: New Mexico Oil Conservation
Division vs. Han-San, Inc.
Rio Arriba County Cause
No. 78-399

Dear Sir:

Please serve the enclosed Summonses and
Complaints on the two-named parties and forward
your bill to this office.

Thank you for your assistance.

Very truly yours,

(Ms.) LYNN TESCHENDORF
Assistant Attorney General

LT/dr

enc.

STATE OF NEW MEXICO

COUNTY OF RIO ARRIBA

IN THE DISTRICT COURT

NEW MEXICO OIL CONSERVATION DIVISION,)
)
 Plaintiff,)
)
 vs.)
)
 HAN-SAN, INC.,)
)
 Defendant.)

filed 7-31-78

No. RA 78-399

COMPLAINT

Plaintiff states that:

I.

Admit

Plaintiff New Mexico Oil Conservation Division is a duly organized agency of the State of New Mexico (hereinafter, "the Division"); Defendant Han-San, Inc., is a corporation authorized to transact business in the State of New Mexico with its principal offices, place of business and residence in Deming, New Mexico.

II.

Admit

Defendant is the owner and operator of the Grevey Well No. 4 located in the SW/4 NW/4 of Section 26, Township 26 North, Range 1 East, N.M.P.M., Rio Arriba County, New Mexico.

III.

Admit

On October 12, 1977, an examiner hearing was called by the Oil Conservation Commission, now the Division, to permit Defendant to appear and show cause why the above-described well should not be plugged and abandoned in accordance with a Division-approved plugging program.

IV.

Admit

Defendant received notice of and appeared at said hearing in the person of its president Kenneth Hand.

V.

On November 1, 1977, the Oil Conservation Commission, now the Division, issued its Order No. R-5567 requiring Defendant to plug and abandon the well on or before January 31, 1978, or return the well to approved active drilling status or place the well on production. A copy of said Order is attached hereto as Exhibit A and by this reference is incorporated.

Admit

VI.

By letter dated June 5, 1978, the deadline for compliance with Order No. R-5567 was extended to June 26, 1978. A copy of said letter is attached hereto as Exhibit B and by this reference is incorporated.

Admit

VII.

Defendant has failed to comply with the terms of said Order.

Deny

VIII.

The State of New Mexico legislature has charged the Division with the duties of conservation of oil and gas, the prevention of contamination of fresh water, and requiring dry or abandoned wells to be plugged in such a way as to confine crude petroleum oil, natural gas or water in the strata in which they are found.

Admit

IX.

The failure of Defendant to plug said well poses a potential threat to fresh water and could lead to the waste of hydrocarbons.

Deny

X.

Rule 204 of the Division Rules and Regulations provides that "the owner of any well drilled for oil or gas, or any seismic, core or other exploratory holes, whether cased or uncased, shall be responsible for the plugging thereof."

Admit

XI.

Sections 65-3-24 and 65-3-27, N.M.S.A. 1953 Compilation,

Deny

provide that an action may be instituted by the Division to recover a penalty of not to exceed \$1,000 a day for each and every violation of its rules, regulations or orders.

WHEREFORE, Plaintiff asks the Court:

1. For judgment against Defendant in an amount not to exceed \$1,000 for each day from June 26, 1978, until the date of judgment, said amount to be paid into the State Treasury as provided for in Article XII, Section 4, of the Constitution of the State of New Mexico.

2. For such further relief as the Court deems just and proper.

TONEY ANAYA
ATTORNEY GENERAL

By Lynn Teschendorf
LYNN TESCHENDORF
Assistant Attorney General
New Mexico Oil Conservation
Division
P. O. Box 2088
Santa Fe, New Mexico 87501

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. 6055
Order No. R-5567

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
TO PERMIT HAN-SAN, INC., AND ALL OTHER INTERESTED
PARTIES TO APPEAR AND SHOW CAUSE WHY THE GREVEY
WELL NO. 4, RIO ARRIBA COUNTY, NEW MEXICO, SHOULD
NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A
COMMISSION-APPROVED PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 12, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of November, 1977, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

- (1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.
- (2) That Han-San, Inc., is the owner and operator of the
Grevey Well No. 4, located in Unit E of Section 26, Township
26 North, Range 1 East, NMPM, Rio Arriba County, New Mexico.
- (3) That in order to prevent waste and protect correlative
rights said Grevey Well No. 4 should be plugged and abandoned
in accordance with a program approved by the Aztec district
office of the New Mexico Oil Conservation Commission on or
before January 31, 1978, or the well should be returned to
active drilling status or placed on production.

-2-

Case No. 6055
Order No. R-5567

IT IS THEREFORE ORDERED:

(1) That Han-San, Inc., is hereby ordered to plug and abandon the Grevey Well No. 4, located in Unit E of Section 26, Township 26 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, on or before January 31, 1978, or return the well to approved active drilling status or place the well on production.

(2) That Han-San, Inc., prior to plugging and abandoning the above-described well, shall obtain from the Aztec office of the Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Aztec office of the date and hour said work is to be commenced whereupon the Commission may, at its option, witness such work.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

hr/



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-8178

June 5, 1978

Mr. Kenneth Hand
Han-San, Inc.
P. O. Box 1936
Roswell, New Mexico 88201

Re: Order R-5567

Dear Mr. Hand:

The subject order required your Grevey #4 well to be completed or plugged on or before January 31, 1978.

We have received no reports of action since your visit early this year.

If a rig is not on the well by June 26, 1978, we shall turn the matter to our legal department.

If there are questions, please contact us.

Yours very truly,

A handwritten signature in cursive script, appearing to read "A. R. Kendrick".

A. R. Kendrick
District Supervisor

xc: Oil Conservation Division, Santa Fe
U.S.G.S., Durango Colorado

ARK:no

EXHIBIT B

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

July 31, 1978

C
O
P
Y

The Honorable Toney Anaya
Attorney General for the
State of New Mexico
Bataan Memorial Building
Santa Fe, New Mexico 87501

Re: Oil Conservation Division vs.
Han-San, Inc.

Dear Mr. Anaya:

Enclosed please find a copy of the Complaint I have filed in the above-captioned matter approved by the Oil Conservation Division. This is a routine enforcement action of the Division's rules, regulations and orders.

Should you wish further information, do not hesitate to contact me.

Very truly yours,

LYNN TESCHENDORF
General Counsel

LT/dr

enc.