



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.

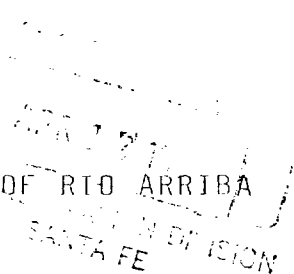
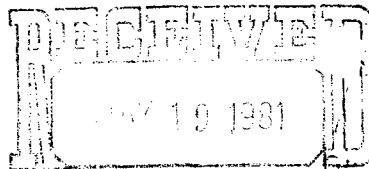
Let me know if you have any questions.

Very truly yours,

ERNEST L. PADILLA  
General Counsel

ELP/dr

enc.



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

Gary Jeffreys  
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.

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

FILED  
OIL CONSERVATION DIVISION

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.	)	

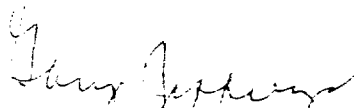
STIPULATION FOR DISMISSAL

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

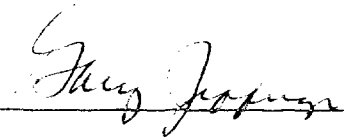
Re: NM Oil Conservation Div.  
v. Han-San, Inc.

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.,

Defendant.

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.

\_\_\_\_\_  
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



COUNTY OF RIO ARRIBA

NEW MEXICO OIL CONSERVATION  
DIVISION,

No. 78-399

HAN-SAN, INC.,

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.

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.,

Defendant.

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.

\_\_\_\_\_  
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

COUNTY OF RIO ARRIBA

No. 78-399

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

GARY JEFFREYS  
KENT COOPER

TELEPHONE  
(505) 546-2781

RECEIVED  
JUN 3 - 1979  
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,

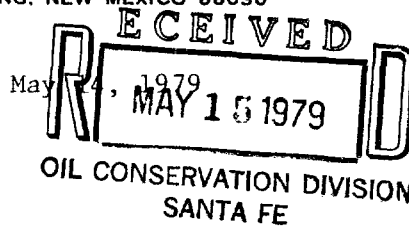
ERNEST L. PADILLA  
General Counsel

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.

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) 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

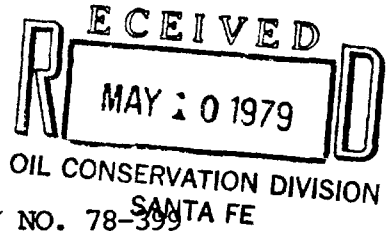
NEW MEXICO OIL CONSERVATION DIVISION

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.



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.

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

<u>NON-JURY TRIAL</u>	<u>TWO HOURS</u>
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.

INTERROGATORY NO. 11. If so, state where that fresh water is located, giving the location to the nearest 40-acre tract.

ANSWER. Not applicable.

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

ANSWER. Yes.

INTERROGATORY NO. 13. If so, state the date on which you received it.

ANSWER. In September of 1977.

GARY JEFFREYS, P.C.

By 51  
Attorney for Defendant  
P.O. Drawer 1559  
Deming, NM 88030

STATE OF NEW MEXICO )  
                                  ) SS  
COUNTY OF LUNA )

Kenneth Hand, being first duly sworn upon his oath says that the answers to the foregoing interrogatories are true to the best of his knowledge, information and belief.

Kenneth Hand  
Kenneth Hand

SUBSCRIBED AND SWORN to before me this 10th day of January, 1979.

Doyce B. Robertson  
Notary Public

OFFICIAL SEAL  
Signature: Doyce B. Robertson  
DOYCE B. ROBERTSON  
NOTARY PUBLIC-NEW MEXICO  
NOTARY BOND FILED WITH SECRETARY OF STATE  
My Commission Expires 1-4-82

My Commission Expires:

1-4-82

I hereby certify that I have mailed a copy of the foregoing answers to interrogatories to opposing counsel of record this 10 day of January, 1979.

51

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  
Driller  
For Ham-San Inc.  
Box ~~2618~~ 2618  
Silver City, N.M. ~~88061~~



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

SMALL IF FE  
(Other estimate  
2000 2000)

WATER  
ON

Form No. 100-1000

SUNDRY NOTICES AND REPORTS ON WELLS

(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  
2. ADDRESS OF OPERATOR

3. NAME OF OPERATOR

4. ADDRESS OF OPERATOR

5. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.  
See instructions on back of form.)

2055' FNL x 510' FNL of Sec. 26

6. NAME OF WELL

7. ELEVATION (Show whether DP, WT, or etc.)

7023 G R

8. COUNTY OF

Rio Arriba

9. STATE

P.R.

10.

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

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

FRAC TURE TREAT

SHOOT OR ACIDIZE

CHANGE PLUG

OTHER

PLUG OR ALTER CASING

MULTIPLE COMPLETS

ABANDON\*

CHANGE PLUG

WATER SHUT-OFF

FRAC TURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

SUBSEQUENT REPORT

REPAIRING WELL

REPAIRING CASING

REPAIRING

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

11. DESCRIBE IN DETAIL ALL COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting and proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all 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

TITLE

DATE

9-21-78

(This space for Federal or State office use)

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 <input type="checkbox"/> DEEPEN <input checked="" type="checkbox"/> PLUG BACK <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. 9.9. 012833
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR Lan-Lan, Inc.		7. UNIT AGREEMENT NAME
3. ADDRESS OF OPERATOR 1112 O. Lopez Leasing, A.M. 88030		8. FARM OR LEASE NAME
4. LOCATION OF WELL (Before location change and in accordance with any State requirements.) At surface 2053' T.D. & 570' T.D. of sec. 28 At proposed prod. zone same as above		9. WELL NO. Lease - 4
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 13 miles North of Lubbock, A.M.		10. FIELD AND POOL, OR WILDCAT Pueblo / H. M. L.
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest orig. unit line, if any)	16. NO. OF ACRES IN LEASE 540	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 28 T. 28S R. 1E
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH 2000 ft	12. COUNTY OR PARISH 13. STATE D. O.
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 7023 ft.	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 William R. G. G. G. 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:

\*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.  
American 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

NEW MEXICO OIL CONSERVATION  
DIVISION,

Plaintiff,

vs.

HAN-SAN, INC.,

Defendant.

ORIGINAL PLEADING  
FILED ON

12-19-78  
COUNTY  
DISTRICT COURT CLERK'S OFFICE

No. RA 78-399

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  
1944 day of Dec.,  
1944, a copy of the fore-  
going pleading was mailed to  
opposing counsel of record.  
Lynn Teschendorf



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

Aug 28-78

Intent to abandon

June 27, 78

Appl to deepen.

Certified receipt

Order

---

STATE OF NEW MEXICO

COUNTY OF RIO ARriba

IN THE DISTRICT COURT ORIGINAL PLEADING

FILED ON

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:

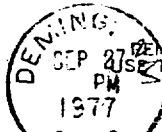
3/ 10/28/81

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 \$300



Postmark of Delivery 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.

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

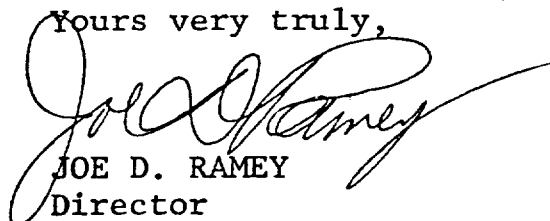
Applicant:

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  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	<u>x</u>
Aztec OCC	<u>x</u>

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

MAN-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, defendant 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*  
*10-11-78*

No. RA 78-399

FIRST AMENDED 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.

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.

*Deny*  
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 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 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

JERRY APODACA  
GOVERNOR

October 12, 1978

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

NICK FRANKLIN  
SECRETARY

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.



COUNTY OF RIO ARRIBA

NEW MEXICO OIL CONSERVATION  
DIVISION,

Recd  
10-12-78

No. RA 78-399

Defendant.

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,

J. Garcia  
DISTRICT JUDGE

~~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

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 pre-  
siding 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 per day for each day after January 31, 1978, or 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 foregoing  
pleading 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, NMMP, 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 87410  
(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. 1978, 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.

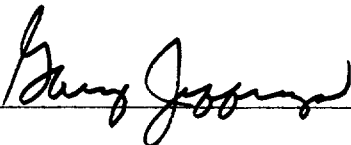
It is our opinion that the well has been returned to an active status and this should be more than evident by the end of September, when, I understand from our previous telephone conversation, that you would review this matter and determine the possibilities of settlement. I am enclosing herein a copy 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 65-3-17

August 27, 1978

Don. 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**

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 R. Graves  
Driller  
For Ham-Son Inc.  
Box ~~2618~~ 2618  
Silver City, N.M. ~~88061~~

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

U.S. G.S. FORM NO. 1000  
(Other instructions on form 1000)

DATE

Form approved by the Bureau of Land Management, U.S. Department of the Interior

SUNDRY NOTICES AND REPORTS ON WELLS

(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 Hartman, J.C.		7. UNIT ABANDONED DATE	
2. ADDRESS OF OPERATOR Hartman, J.C., P.O. Box 100, N. C.		8. FIELD OR LEASE NAME Grevey	
3. REPORT LOCATION (Clearly and in accordance with any State requirements. See instructions on form 1000.) 2055' FNL x 510' FWL of Sec. 26		9. WELL NUMBER 4	
14. ELEVATION (Show whether DT, WT, etc.) 7023 G R		10. FIELD AND POOL, OR WILDCAT Puerto, Cienega	
15. ELEVATIONS (Show whether DT, WT, etc.)		11. WELL FOR DEPTHS AND COMPLETION DATA Sec. 16, T16N R. 1 E. East	
12. COUNTY OF PARTIAL		13. STATE	

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

NOTICE OF INTENTION TO:

PAUSE WATER SHUT-OFF  
FRACTURE TREATMENT  
SHOOTING OR ACIDIZING  
REPAIR WELL  
OTHER

PULL OR ALTER CASING  
MULTIPLE COMPLETE  
ABANDON\*  
CHANGE PLANNING

☒  
☐  
☐  
☒

SUBSEQUENT REPORT

WATER SHUT-OFF  
FRACTURE TREATMENT  
SHOOTING OR ACIDIZING  
(Other)

REPAIRING WELL  
REPAIRING CASING  
ABANDONMENT\*

☐  
☐  
☐

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

16. PROPOSED, IN PROGRESS, 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 record pertinent data on 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 1975 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 1970 ft. of 5 1/2" casing, ream 4 3/4" hole to 6 3/4" from approximately 1980 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.

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

SIGNED

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 pleading  
prepared and filed with the  
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

*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 31<sup>st</sup> day of July, A.D. 1978

**DOLORES LUJAN**

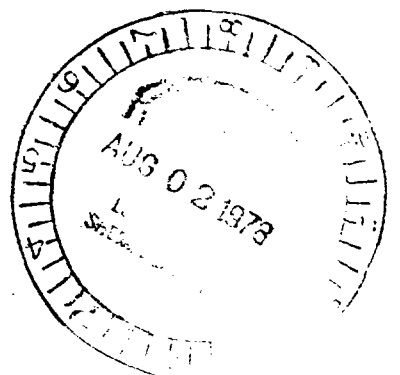
Clerk of the District Court, First Judicial District

By Julio M. Moran  
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 Leona

ss.

I, Ed A. Lina Deputy Sheriff of Leona County,

State of New Mexico, do hereby certify, that I served the within summons on the 14<sup>th</sup>  
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 A. Lina, 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

Shy Jeffries - Atty  
Deming

Applied to USES to  
deepen well in June

Oct. 14 deadline for  
compliance?

Will be fined.

Jeffries will write to  
confirm.

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 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 31<sup>st</sup> day of July, A.D. 1978

DOLORES IJUAN

Clerk of the District Court, First Judicial District

By John M. St. John

Deputy

Attorney or Attorneys for Plaintiff and Address:

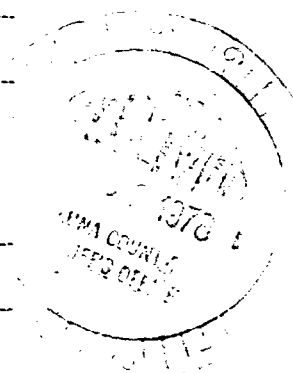
LYNN TESCHENDORF

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 WALDROP 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 CLEDE STEWART

Dated: 2 AUG 78

Fees: 6.00

BOB D. WALDROP, 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 herein-above 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. 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.