

SEP 26 1956

JOHN T. FEY, Clerk

IN THE

Supreme Court of The United States

OCTOBER TERM, 1955-1958

No. 15 Original

UNITED STATES OF AMERICA, PLAINTIFF

versus

STATE OF LOUISIANA

Application by Anderson-Prichard Oil Corporation,
Lessee of Both Parties, For Extraordinary Relief
and For Amendment or Interpretation of Decree

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Application to The Supreme Court of the United
States For Extraordinary Relief and For Amendment
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Now comes Anderson-Prichard Oil Corporation (hereinafter referred to as "Applicant") by its attorneys and respectfully represents:

1. Applicant is a corporation duly organized under the laws of the State of Delaware with its principal place of business in the City of Oklahoma City, Oklahoma and is engaged in the business of drilling for and producing oil and natural gas. Applicant is and has been unnecessarily, unduly and improperly prejudiced by an interpretation by the Secretary of the Interior of an order of this Court issued June 11, 1956, in this cause which said interpretation has caused Applicant to sustain substantial and irreparable

financial burdens accruing at the rate of \$4,400 per day since the middle of July 1956 and jeopardizes the preservation of leasehold interests valued in the approximate sum of \$4,500,000, all as will be set forth in more detail hereinafter.

2. By virtue of certain leases granted by the State of Louisiana and duly validated by the United States under the provisions of Section 6 of the Outer Continental Shelf Lands Act, Applicant is the lessee of certain areas amounting in full to about 8,875 acres, situated in the so-called disputed tidelands area off the coast of Louisiana. Said leases have been maintained and are now in force and effect as to both the State of Louisiana and the United States, as reflected by copies of said leases and subsequent actions with respect thereto, comprising Exhibits A and B, annexed hereto.

3. Notwithstanding the refusal of the United States to consent and approve Applicant's drilling on one of the leases upon which Applicant was prepared to drill as hereinafter set forth, the United States, when rentals due under such lease became payable, took the position that in order for Applicant to maintain such lease in force and effect without drilling, Applicant must pay the rentals which became due thereunder on July 17, 1956 and declined to comply with Applicant's request that rental payment be suspended during the period of time that the United States refused to consent and approve of drilling. In order to avoid any question with respect to maintaining said lease in force and effect as to the United States, Applicant paid the rentals which the United States maintained were necessary to keep said lease in force and effect.

4. The leases involved herein are all in the last year of their primary terms which, insofar as the State of Louisiana is concerned, will expire on December 27, 1956, and may be kept in force and effect after the expiration of the primary terms only by drilling on or production from the areas subject to said leases. In order to maintain said leases in force and effect by drilling, Applicant on or about April 13, 1956, entered into a contract with Deep Water Exploration Company under the terms of which Applicant agreed to provide the drilling contractor with a location upon which to commence drilling prior to July 15, 1956. By reason of the action of the United States hereinafter detailed Applicant has been unable to provide such drilling location and in consequence Applicant has been and is suffering the loss of standby charges provided in such contract at the rate of \$4,400 per day, which charges will continue to accrue unless and until such drilling location is provided. In addition, as to the State of Louisiana and as hereinabove set forth, Applicant risks the loss of the aforesaid leases, which are valued in excess of \$4,500,000 unless drilling operations are commenced on each lease on or before December 27, 1956.

5. Applicant represents that its aforesaid contractor is ready and willing to commence drilling and would commence drilling if the United States would grant permission therefor as it is required to do under the terms of its leases and applicable statutes and regulations. Application for such permission was made by Applicant to the Department of the Interior in proper form on June 12, 1956. Notwithstanding the obligation upon the United States to place its lessees in possession of the leased premises in so far as it may be within its power to do so, the United States has declined and refused to grant a permit for drilling and takes the position

through the Secretary of the Interior that it is forbidden to do so by virtue of the terms of the decree of this Court entered on June 11, 1956, which provided, among other things:

"It is further ordered that the State of Louisiana and the United States are enjoined from leasing or beginning the drilling of new wells in the disputed tidelands area pending further order of this Court unless by agreement of the parties filed here."

6. In the disputed tidelands area the majority of leases are held by operators under a lease either from the United States or from the State of Louisiana, but not from both. Applicant believes and therefore avers that the decree of this Court is obviously designed to maintain a *status quo* between the leasing operations of the United States on the one hand and the State of Louisiana on the other hand in the disputed area pending determination of title thereto. Applicant believes that no explanation could have been made to the Court by the parties respecting the rights of persons such as Applicant which holds leases from both the disputing parties, and pays dual rents and, therefore, enjoys valid leaseholds regardless of which government may ultimately be found to be the owner of such premises. Nor could the decree of this Court have been designed to prevent persons situated as Applicant from engaging in drilling operations pursuant to leases granted by both disputing parties, since their drilling rights do not depend upon the outcome of this litigation. Nevertheless, by reason of the interpretation placed by the United States upon the decree of this Court Applicant is being denied permission to drill and is suffering grievous and irreparable damage in the form of penalties under the aforesaid contract and the possible

loss of the aforesaid leases and will continue to do so unless relief is granted.

7. Notwithstanding Applicant's belief that the Court's decree was not intended to affect Applicant in respect of dual leased premises, Applicant, to exhaust every possibility of administrative relief, has made every effort to obtain an agreement on the part of the United States and the State of Louisiana for the commencement of drilling operations by Applicant. The State of Louisiana has recognized its obligation to do what it can to place Applicant in possession of the leased premises and has consented to the commencement of drilling operations by Applicant by entering into an agreement with Applicant as evidenced by Exhibit B attached hereto. The agreement, represented by Exhibit B, was submitted to the Secretary of the Interior for execution pursuant to the authority conferred on him by Section 7 of the Outer Continental Shelf Lands Act, but on August 13, 1956, he finally refused to do so.

8. Applicant consulted with representatives of the Attorney General and was informed, among other things, that the Attorney General's position was basically the same as that of the Secretary of the Interior; that under no circumstances would the Attorney General consider anything other than an overall agreement; that the Attorney General was entitled to exercise independent judgment and in the exercise thereof would maintain his aforesaid position regardless of what the Secretary of the Interiors' position might become.

9. At no time has the Secretary of Interior or the Attorney General, or their representatives, raised any ques-

tions as to the form of the agreement set forth in Exhibit B. Applicant has been informed, however, by representatives of the Attorney General that although it was unnecessary to consider the form of the agreement in view of his position that no consideration would be given to anything other than an overall agreement, their failure to raise any objections as to the form of the agreement was not to be construed as approval thereof. It was suggested that the Attorney General might have some objections but at no time has Applicant been informed what such objections might be, if any.

10. While the Secretary of the Interior and the Attorney General have declined to grant a hearing to Applicant, Applicant believes that their position is as stated by their representatives, namely, that they will not sign such agreement because: (a) they do not desire a "piece-meal" settlement; and (b) they believe by signing such agreement they would discriminate in favor of Applicant over other oil companies.

11. Neither of such grounds has any force or validity. According to Applicant's information, the United States and the State of Louisiana have been endeavoring to negotiate an overall agreement within the terms of the Court's decree for a period in excess of three months; however, no agreement has been reached. Furthermore, the Applicant is informed and believes and therefore avers that the negotiations have included questions of validation by the State on the one hand of United States leases and by the United States on the other hand of State leases and leasing in the disputed area and do not affect situations such as that enjoyed by Applicant wherein the operator needs no validation of his leases because it holds leases from both disputing

parties. In any event, Applicant ought not to be required to suffer the leases attendant upon protracted negotiations, merely to satisfy the desire of the Secretary of the Interior and the Attorney General for an over-all settlement. As for the alleged discrimination, Applicant submits that it enjoys a distinct and separate situation in view of its dual lease position which warrants and demands that a distinction be made between Applicant and persons holding leases which must be validated by the successful party in this cause if such leases are to be maintained in force and effect.

12. By reason of the foregoing, Applicant believes and therefore represents that although the decree of this Court was not designed to prevent drilling operations by operators such as Applicant holding a dual lease position, nevertheless, Applicant is being prevented by the United States from drilling and will continue so unless relief is granted. Even if the parties ultimately reach an over-all agreement, the time element is such as to deny applicant relief as a practical matter.

13. Applicant has heretofore requested individual Justices of this Honorable Court for relief in the premises, having applied to Mr. Justice Black for relief on August 16, 1956 for a stay or interpretation of the aforesaid decree. The relief requested was denied by Justice Black. Thereafter, the application was submitted to Mr. Justice Frankfurter, who also declined to grant relief.

14. In a further effort to obtain relief Applicant brought an action in the United States District Court for the District of Columbia against the Secretary of Interior and the Attorney General, seeking a mandatory injunction to compel

the issuance of a drilling permit and alternatively, requiring such defendants to consider the agreement with the State of Louisiana (Exhibit B herein), or to state the terms and conditions upon which an agreement would be entered into with the State of Louisiana and Applicant so that Applicant might commence drilling. The motion for preliminary injunction was heard by the United States District Court for the District of Columbia on August 29, 1956 and denied. Thereupon Applicant immediately appealed to the Court of Appeals for the District of Columbia and on September 4, 1956 that Court affirmed the decision of the lower court, Judge Wilbur K. Miller dissenting.

15. Applicant has therefore exhausted all remedies which are available to it for relief and can only look to this Honorable Court to be relieved of the burden which Applicant has been unnecessarily, unduly and improperly required to assume.

16. Applicant may obtain relief from this Court if the Court, considering the equities of this case, will do any of the following:

A. Amend the decree issued herein on June 11, 1956 so that it will clearly disclose it does not apply and was not intended to apply to lessees holding a lease or leases granted by and maintained in force and effect as to both sovereigns and relating to the disputed tidelands area, or

B. Enter an order of interpretation to the effect that the filing of the leases and the documents disclosing subsequent action with respect thereto as reflected in Exhibit A, and the filing of Exhibit B represent in combination the

consent of the United States and the State of Louisiana for the commencement of drilling operations and constitute an agreement for drilling as provided for in the aforesaid decree of June 11, 1956, or

C. Order the United States to appear forthwith and show cause, if any they have, why they should not agree that Applicant be permitted to commence drilling pursuant to the aforesaid leases.

17. Granting relief in any of the forms requested will in no manner prejudice the legal rights of the parties to this cause. It will merely deny the United States an excuse for withholding what it has contracted to give Applicant and for which it has accepted and received substantial payments, specifically, possession of the leased premises and consent and approval for drilling.

WHEREFORE, Applicant respectfully prays:

1. That an order be issued herein amending the aforesaid decree of this Court of June 11, 1956, insofar as it may affect drilling operations by Applicant upon the aforesaid leased premises, and specifically permitting applicant, as the holder of leases from each of the contesting parties, to commence drilling on said leases; or in the alternative,

2. That a determination be made and an order of interpretation entered that the validation by the United States of the leases described in Exhibit A, said validation being also disclosed by Exhibit A, and the consent given by the State of Louisiana as evidenced by Exhibit B represent in combination the consent of the parties for commencement

of drilling operations for which provision was made in the Court's decree; or in the alternative

3. That an order be issued requiring the United States to appear forthwith and show cause, if any they have, why they should not agree that Applicant be permitted to commence drilling operations pursuant to the aforesaid leases.

4. Such other and further relief as may be appropriate.

5. That an oral hearing be granted Applicant in support of this application.

Respectfully submitted,

JOSEPH V. FERGUSON II
Joseph V. Ferguson II
902 Whitney Bldg.
New Orleans, Louisiana

Of Counsel:

C. T. McClure
Liberty Bank Bldg.
Oklahoma City, Okla.

STATE OF LOUISIANA
PARISH OF ORLEANS

Joseph V. Ferguson II, being first duly sworn according to law, on oath deposes and says that he has read the fore-

going application subscribed by him and verily believes the facts stated therein to be true.

JOSEPH V. FERGUSON II
Joseph V. Ferguson II

Subscribed and sworn to before me this 22nd day of September, 1956.

HERMAN M. BAZINSKY
Notary Public

(SEAL)

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PROOF OF SERVICE

I, Joseph V. Ferguson II, one of the attorneys for Anderson-Prichard Oil Corporation, applicant herein, and a member of the Bar of the Supreme Court of the United States, hereby certify that on the 24th day of September, 1956, I served copies of the attached Application for Extraordinary Relief and for Amendment or Interpretation of a Decree on the several parties in the above-entitled cause, as follows:

1. On the United States: (a) by mailing a copy thereof to the office of the Solicitor General, Department of Justice, Washington 25, D. C.; and (b) by telegraphic notice to the Solicitor General that the application was being filed on the aforesaid date.

2. On the State of Louisiana: (a) by mailing a copy thereof addressed to the office of Bailey Walsh, Esq., special counsel to the State of Louisiana, 1025 Connecticut Avenue, N.W., Washington, D. C.; and (b) by telegraphic notice to said Bailey Walsh, Esq. that the application was being filed on the aforesaid date.

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