

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

2007 APR 24 AM 9:15

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST NORTHSTAR OIL & GAS FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO TWO WELLS, DETERMINING THAT THE VIOLATION IS KNOWING AND WILLFUL AND IMPOSING A PENALTY, REQUIRING OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE DECLARING THE WELLS ABANDONED, AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 13920

APPLICATION FOR COMPLIANCE ORDER
AGAINST NORTHSTAR OIL & GAS

1. Northstar Oil & Gas ("Operator") is a corporation operating wells in New Mexico under OGRID 159020.
2. Operator has posted a \$50,000 blanket cash plugging bond to secure its obligation to plug and abandon the wells. The bond is deposited with Wells Fargo New Mexico NA in Farmington, New Mexico.
3. Division rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.
4. The following wells ("subject wells") operated by Operator in New Mexico have been inactive for a continuous period exceeding one year plus 90 days, and

are neither plugged and abandoned in accord with 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with 19.15.4.203 NMAC:

- Barbara #001 30-045-24263 P-12-29N-15W
- Davie #001 30-045-25092 M-2-29N-15W

5. OCD personnel contacted the Operator regarding the need to comply with 19.15.4.201 NMAC as to the subject wells, but Operator failed to return the wells to compliance.

6. NMSA 1978, Section 70-2-14(B) provides:

If any of the requirements of the Oil and Gas Act [70-2-1 NMSA 1978] or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

7. NMSA 1978, Section 70-2-31 (A) provides, in relevant part:

Any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars (\$1,000) for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate violation.

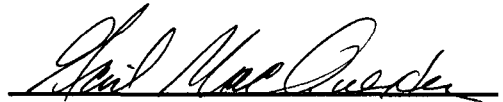
8. NMSA 1978, Section 70-2-33(A) defines “person” as used in the Oil and Gas Act to include corporations.

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an order:

- A. Determining that the subject wells are not in compliance with 19.15.4.201 NMAC;

- B. Determining that Operator knowingly and willfully violated 19.15.4.201 NMAC;
- C. Imposing a penalty on the Operator in an amount not less than \$2,000 for the knowing and willful violation of 19.15.4.201 NMAC as to the subject wells;
- D. Requiring the Operator to plug and abandon each of the subject wells by a date certain;
- E. If the subject wells are not brought into compliance with 19.15.4.201 NMAC by the date set in the order,
 - 1. declaring the wells abandoned;
 - 2. authorizing the OCD to plug the subject wells in accordance with a OCD-approved plugging program and restore and remediate the locations; and
 - 3. authorizing the OCD to forfeit the applicable financial assurance;
- F. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 24th day of April, 2007 by



Gail MacQuesten
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505

(505) 476-3451

Attorney for The New Mexico Oil
Conservation Division

- Case No. 13920. Application of the New Mexico Oil Conservation Division for a Compliance Order against Northstar Oil & Gas. The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to two wells, determining that the violation is knowing and willful and imposing a penalty of not less than \$2,000, requiring operator to bring the two wells into compliance with 19.15.4.201 NMAC by a date certain and authorizing the division to plug said wells in the event of non-compliance and forfeit the applicable financial assurance. The affected wells are: Barbara #001, 30-045-24263, P-12-29N-15W; Davie #001, 30-045-25092, M-2-29N-15W. The wells are located approximately 15 miles west of Farmington in San Juan County, New Mexico.