



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 30, 2008

James Bruce
P.O. Box 1056
Santa Fe, NM 87504-1056

Re: Northstar Oil & Gas, OGRID 159020
Case No. 13920, Order R-12779-A

Dear Mr. Bruce,

On January 22, 2008, the Aztec District Office received a notarized letter from Mr. Bill Davie requesting that certain equipment be left on the site of the Davie #1 location, and indicating that re-seeding the location was not necessary. A copy of the letter is attached. Today I received a voice mail from Mr. John Corbett asking when the Oil Conservation Division (OCD) would release the financial assurance posted by Northstar Oil & Gas (Northstar). Because Northstar is represented by counsel, I am responding to you and not to Mr. Corbett.

As I explained in my letter of January 15, 2008, Order R-12779-A sets special requirements before the OCD can release the financial assurance:

The Division shall not release Northstar Oil and Gas Corporation's financial assurance until Northstar Oil and Gas Corporation restores the well sites, seeds the well sites with seed of plants native to the area and provides invoices and proof of payment for the restoration costs.

Order R-12779-A, page 3.

As I also explained in my letter of January 15, 2008, to restore the well sites Northstar must comply with the requirements of 19.15.4.202 NMAC, including the filing of a Form C-103 subsequent report of well plugging indicating that the sites have been remediated and that the sites are ready for inspection. I attached a copy of that form with the letter. To date, the Aztec District office has not received filings for the two wells at issue indicating that they are ready for inspection.

The re-seeding requirement is imposed by Order R-12779-A, and not by rule. If Northstar wants to be excused from that requirement, it needs to obtain the approval of the Oil Conservation Commission. The OCD cannot disregard a requirement set out in an order.

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New
Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>

Before the OCC
Case 13920
Northstar Oil & Gas
OCD Ex. No. 5

TO DATE, THE OCD HAS NOT RECEIVED INVOICES AND PROOF OF PAYMENT FOR THE RESTORATION COSTS.

IT APPEARS THAT THE ONLY WAY TO GET THIS MATTER RESOLVED IS BY RE-OPENING CASE NO. 13920 TO OBTAIN GUIDANCE FROM THE OIL CONSERVATION COMMISSION. I HAVE ENCLOSED A COPY OF MY MOTION TO RE-OPEN THE CASE.

Sincerely,



Gail MacQuesten
Assistant General Counsel

Encl: Letter from Mr. Davie, received Jan. 22, 2008

Cc: Charlie Perrin, OCD District III
Dorothy Phillips, Financial Assurance Administrator
Daniel Sanchez, Compliance and Enforcement Manager

Mr. Bill Davie
2425 Downing Street
Denver, 80210

December 7, 2007

John Corbett
Northstar Oil and Gas Corp.
P.O. Box 168
Sewickley, PA 15143

RCVD JAN 22 '08
OIL CONS. DIV.

DIST. 3

30-045-25092


Subject: Davie Well No. 1 Surface Restoration

Dear Mr. Corbett:

This letter is my request as the land and mineral owner to leave the existing power pole, fence and natural gas gathering line connection on the Davie #1 location. Also, reseeding the location is unnecessary because of my plans for the existing well pad.

Sincerely,

Bill Davie



State of Colorado

County of Denver

The foregoing instrument was acknowledged before me this 14th day of ^{January} ~~December~~, 2007

by Bill Davie



My Commission Expires May 16, 2008



(Notary's official signature)

May 16th 2008
(Commission expiration date)