

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

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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

MOTION TO RE-OPEN CASE 13920

The Oil Conservation Division (OCD) moves the Oil Conservation Commission (OCC) to re-open Case No. 13920 to clarify the responsibilities of the OCD and Northstar Oil & Gas (Northstar) under the terms of Order R-12779-A. The OCD offers the following in support of its motion:

1. On November 8, 2007, the OCC issued Order R-12779-A in Case No. 13920, a compliance case brought by the OCD against Northstar.

2. In Order R-12779-A, the OCC found that Northstar knowingly and willfully violated 19.15.4.201 NMAC as to two wells, the Barbara #1 and the Davie #1, and assessed a \$10,000 penalty.

3. Order R-12779-A also contained the following provisions:

Northstar Oil and Gas Corporation shall restore the well sites associated with the wells in the manner provided in Subsection B of 19.15.4.202 NMAC and seed the well sites with seed of plants native to the area by December 15, 2007.

If Northstar Oil and Gas Corporation restores the well sites and seeds the well sites with seed of plants native to the area by December 15, 2007, it may reduce the civil penalty by its actual expenditures for restoring the well sites. 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.

4. To date, Northstar has not restored the well sites as required under 19.15.4.202 NMAC. The OCD has requested that Northstar file a Form C-103 subsequent report of well plugging for each of the two wells, indicating that the well sites have been remediated according to the rule, and that the sites are ready for inspection. The OCD provided a copy of the Form C-103 subsequent report of well plugging to Northstar for that purpose. Northstar requested that it be allowed to leave certain pieces of equipment on the site of the Davie #1, but did not provide a notarized letter from the land owner agreeing to this arrangement until January 22, 2008.

5. To date, the sites have not been re-seeded. The notarized letter from the land owner at the Davie #1 states that the landowner believes re-seeding at that site is unnecessary because of his plans for the existing well pad. Because the re-seeding requirement is set by Order R-12779-A, the OCD takes the position that it cannot waive that requirement without the OCC's permission. An inspection of the site of the Barbara #1 indicates that site has not been re-seeded.

6. To date, Northstar has not provided invoices and proof of payment for the restoration costs.

7. Northstar has requested release of its financial assurance. The OCD takes the position that it cannot release the financial assurance at this time because Northstar

has not met the requirements of 19.15.3.101.G NMAC and because Northstar has not met the specific requirements of Order R-12779-A. Northstar has failed to meet the requirements of 19.15.3.101.G NMAC because it has not obtained the release of the wells under 19.15.4.202 NMAC. Northstar has failed to meet the specific requirements of Order R-12779-A because it has not seeded the well sites and because it has not provided invoices and proof of payment.

8. The OCD seeks clarification of the penalty provisions of Order R-12779-A. The Order required that Northstar take certain actions by December 15, 2007: restore the well sites, and re-seed the wells sites. Those actions still have not taken place. In addition, Northstar has failed to provide the OCD with invoices and proof of payment. It is the OCD's position that the full amount of the \$10,000 penalty is now due and owing, and it requests that the OCC issue an order to that effect.

For the foregoing reasons, the OCD requests that the OCC re-open Case 13920 to resolve the responsibilities of the OCD and Northstar under Order R-12779-A as to the release of Northstar's financial assurance and the imposition of penalties.

RESPECTFULLY SUBMITTED,
this 30th day of January 2008 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

Certificate of Service

I certify that I e-mailed and mailed a copy of this motion to James Bruce, attorney for Northstar Oil & Gas, at the following addresses:

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

e-mail: jamesbruc@aol.com

this 30th day of January 2008.



Gail MacQuesten
OCD Attorney