

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

SUITE B
612 OLD SANTA FE TRAIL
SANTA FE, NEW MEXICO 87501

(505) 982-2043
(505) 982-2151 (FAX)

September 5, 1997

Hand Delivered

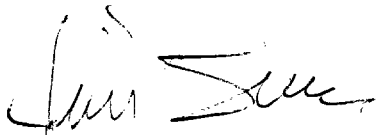
Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 11812; Application of the Oil Conservation Division
for an order requiring Polaris Production Corp. to plug
19 wells in Lea County, New Mexico

Dear Mr. Stogner:

Enclosed are some proposed findings, including a disk containing
the findings (WordPerfect 5.1).

Very truly yours,

A handwritten signature in dark ink, appearing to read "Jim Bruce", with a stylized flourish at the end.

James Bruce

Attorney for Polaris
Production Corp.

Proposed Findings

(Polaris Production Corp. Plugging case)

(1) The Division seeks an order requiring the plugging and abandonment of the following wells:

<u>Well Name</u>	<u>Location</u>
Buckle "A" Well No. 3	Unit L §25-14S-37E
Buckle "B" Well No. 2	Unit D §25-14S-37E
Argo Well No. 4	Unit A §3-15S-37E
Argo Well No. 5	Unit H §3-15S-37E
Priest Well No. 4	Unit D §1-15S-37E
Priest Well No. 5	Unit C §1-15S-37E
Argo Well No. 3	Unit G §3-15S-37E
Buckle "A" Well No. 4	Unit N §25-14S-37E
Buckle "B" Well No. 1	Unit E §25-14S-37E
T.D. Pope Well No. 1	Unit M §36-14S-37E
T.D. Pope Well No. 6	Unit D §36-14S-37E
T.D. Pope Well No. 9	Unit C §36-14S-37E
Priest Well No. 1	Unit E §1-15S-37E
Buckle "A" Well No. 1	Unit M §25-14S-37E
Shelton Well No. 1	Unit F §26-14S-37E
Shelton Well No. 4	Unit E §26-14S-37E
T.D. Pope Well No. 5	Unit E §36-14S-37E
State "A" Well No. 1	Unit L §2-15S-37E
Argo Well No. 2	Unit N §3-15S-37E

(2) Polaris proposed the following remedial action on the subject leases and wells:

(a) It will immediately begin plugging the five wells on the Argo Lease (N½ §3, Township 15 South, Range 37 East, NMPM), and remove the battery and other equipment located thereon;

(b) It shall dismantle and remove the battery on the Pope Lease (W½ §6, Township 14 South, Range 37 East, NMPM), and clean up the lease. The T.D. Pope Well No. 6 currently produces from the Wolfcamp formation, but production will be sent to another tank battery;

(c) It will restore the Priest Well No. 4 (N½ §1, Township 15 South, Range 37 East, NMPM) to production, and repair the gas leak at the wellhead;

(d) It will remove all equipment from the Pacific Royalty Lease (E½ § 10, Township 15 South, Range 37 East, NMPM);

(e) It will spend \$2000/month to clean up its leases for a period of six months, at which time it will seek a

review and assessment from the Division; and

(f) It will either restore to production or set a bridge plug in one well per quarter on the remaining 13 wells involved in this case. Polaris has requested Division Forebearance on these wells in order to assess further development of the Denton Field.

(3) The proposals made by Polaris, as modified below, are reasonable:

(a) Polaris shall begin plugging wells on the Argo Lease by September 15, 1997, and shall plug one well every two months. If plugging is not completed by September 15, 1998, a fine of \$1000/day until plugging is complete may be imposed;

(b) Polaris shall completely dismantle and remove the Pope Lease battery by April 30, 1998, and shall determine the lateral and vertical extent of any contamination on the site. The results shall be reported to the Division's Environmental Bureau. If remediation is required, Polaris and the Environmental Bureau shall formulate a remediation plan by June 1, 1998, or a fine of \$1000/day may be imposed;

(c) Polaris shall restore the Priest Well No. 4 to production by December 1, 1997, or a fine of \$1000/day may be imposed;

(d) Polaris shall remove all equipment from the Pacific Royalty Lease by February 28, 1998, and clean up the lease according to Division rules and regulations;

(e) Polaris shall spend \$2000/month on the clean up of all remaining leases according to Division rules and regulations;

(f) Polaris shall restore to production or temporarily abandon (according to Division rules and regulations) the remaining 13 wells commencing October 15, 1997 and ending October 15, 1999. The Division's Hobbs Office shall be notified 24 hours in advance of the commencement of each temporary abandonment procedure so that it may be witnessed by Division personnel;

(g) Groundwater from wells near to the above-described wells shall be sampled and an analysis thereof obtained. Polaris shall provide the water analyses to the Division no later than October 15, 1997.

(4) Any fines imposed herein may be reduced or waived by the

Division, upon good cause shown by Polaris.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.