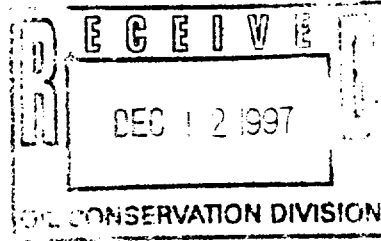




PALADIN ENERGY CORP.



December 9, 1997

Mr. Ran Carol
Attorney
2040 Pacheco
Santa Fe, NM 87505

Dear Mr. Carol:

I have been informed that you will be representing the state of New Mexico in a NMOCD hearing scheduled for December 18, 1997 concerning oil and gas properties operated by Meteor Developments, Inc. in Lea County, NM. It is our understanding that the State of New Mexico has filed application to take over the referenced properties.

Paladin Energy currently operates wells in Lea County, NM and is actively pursuing growth opportunities. Pending the results of the upcoming hearing, Paladin would be very interested in discussing an arrangement with the State in which Paladin would be allowed to attempt to re-activate one or more of the currently shut-in producers. Mr. Mickey Horn, Paladin Energy Operations Manager, has been in communication with Mr. Chris Williams in the Hobbs NMOCD office and we strongly believe that a mutually beneficial arrangement can be achieved.

I would greatly appreciate the opportunity to discuss Paladin's interest in the referenced properties and the process required to successfully negotiate an agreement. Please contact me at (214) 654-0134. Thank you for time and consideration.

Sincerely,

Rick Fuerman
Vice President - Acquisitions

BEFORE EXAMINER FROGNER	
OIL CONSERVATION DIVISION	
OCD	EXHIBIT NO. 1
CASE NO.	11901

12/16/97 ~~TEW~~ Ray Smith
Southeastern Petroleum / Took over
Sonny Longo

Joe Pearce (Roswell)
Interested in Cartbad wells

Dessie Sawyer (Old family)

McKay → 1st in line
5/22/97

9:25 a.m. Gary Wink

511 16th St.
Suite 400
Denver, 80202

RE: Meteor Development Inc.

11 wells

\$50K bond

Dennis
Staal

Called them in Denver

→ 303/572-1135

Bruce Patterson

SF Pacific

* Not producing

(1972 Mobil)

Date ?

* Gary Wink

→ Joe Clement

915/334-4105

Saga

re: Meteor stock

→ Rules for taking over

Take over Penroc

#11 and #10

(2)

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

7-28-97

Rand Carroll, Legal Bureau
Oil Conservation Division
2040 So. Pacheco Street
Santa Fe, NM. 87505

JUL 30 1997

Re; Meteor Development Inc. Martin # 2, #3 & #5 in section 20-22-27 Eddy Co. ,NM.

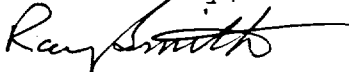
Dear Rand:

We recommend the above captioned wells be plugged to protect fresh waters of the state of New Mexico, the environment and corelative rights in the area.

These wells are located within the city of Carlsbad and from time to time we are covered up with calls from the public complaining about the smell of gas. Meteor has also had several oil spills at the tank battery and the soil will need to be remediated when this equipment is removed.

We would like to place these three wells on a priority status for hearing.

Yours truly,


Ray Smith

303-572-1135

February 27, 1997

State of New Mexico
Energy, Minerals & Natural Resources
Department
Oil Conservation Division
P.O. Box 1980
Hobbs, NM 88241-1980

Gentlemen:

Meteor Developments, Inc. is no longer in business.

The wells in question were assigned to Santa Fe Pacific Railroad Company. A copy of the assignment is enclosed.

I believe this was previously provided to your office.

Dennis R. Staal
Former Secretary

4



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

February 10, 1997

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

TO: METEOR DEVELOPMENTS INC
216 16TH STR
STE 730
DENVER CO 80202

The State of New Mexico OCD District I is in the process of reviewing leases to determine the number of shut-in wells.

Order R-9210 states that an operator can, with regulatory approval, shut-in a producing well or an injection well for up to one year, after this period of time, the operator must, within 90 days, implement one of the following:

- 1) The well be placed back into beneficial use.
- 2) The well be Temporarily Abandoned in accordance with Rule 203.
- 3) The well be Plugged & Abandoned in accordance with Rule 202.

In addition House Bill 65 was passed to give operators an added incentive to place shut-in wells back on production. After you receive the list of wells that have not produced for over a year, check your own manpower, rig availability and economics; then, request either a meeting with Gary W. Wink or submit a time frame to bring the wells into OCD compliance. This time frame will include Federal wells, you will need to schedule these with the BLM, and we would appreciate a copy.

The OCD District I office is also reviewing leases to determine the number of temporary abandoned (TA) wells that have been tested for TA status and have expired.

Attached are (3) three reports that separate the wells that are shown under our records to be either Shut In or Temporarily Abandoned. The following is an outline of what each report shows.



5

Page 2
SI/TA Report Letter
Gary Wink - Field Rep. II

Report Form No. 43

The wells on Report 43 have had the casing tested and approved by the OCD, but the expiration date for the TA approval has expired. These wells will need to be re-tested for the TA status to be extended.

Report Form No. 44

The wells on Report 44 have been shut in for over a year and need to be brought into compliance with the TA rule, P&A'd rule or activated as an oil, gas or water injector.

Report Form No. 45.

The wells on Report 45 are in compliance with the TA rule. The date by which the wells need to be re-tested is listed. This will allow you to be informed of the date that the wells will need to be re-tested for continuation of the TA status.

Sincerely,

Gary W. Wink

GARY WINK
Field Representative II

6

02/12/1997

SI/TA WELLS REPORT FORM 43
PRIOR TESTED WELLS NOT IN COMPLIANCE
METEOR DEVELOPMENTS INC

PAGE 1

NMOCD DIST I

P.O. BOX 1980

HOBBS, NM 88241

OPERATOR: METEOR DEVELOPMENTS INC

THE OPERATOR METEOR DEVELOPMENTS INC DOES NOT HAVE ANY
TEMPORARY ABANDONED WELLS, WHICH HAVE BEEN TESTED AND ARE OUT
OF COMPLIANCE.

7

02/12/1997

SI/TA WELLS REPORT FORM 44
SI WELLS NOT IN COMPLIANCE NO PRIOR TEST
METEOR DEVELOPMENTS INC

PAGE 1

NMOCD DIST I

P.O. BOX 1980

HOBBS, NM 88241

OPERATOR: METEOR DEVELOPMENTS INC

===== POOL: CROSSROADS;SILURO DEVONIAN

30-025-24289 SANTA FE PACIFIC RR # 4 N 22 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 07/30/1985; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

30-025-03601 SANTA FE PACIFIC # 1 E 26 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 01/30/1985; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

30-025-03590 SANTA FE PACIFIC # 6 I 22 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 04/30/1986; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

30-025-24284 SANTA FE PACIFIC # 12 L 26 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 10/30/1985; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

.....POOL TOTAL: CROSSROADS;SILURO DEVONIAN 4

===== POOL: LEA UNDESIGNATED;GROUP 1

30-025-03594 SANTA FE PACIFIC # 7 M 23 T 9S R36E LAND TYPE: S
LAST PROD/INJ DATE: / / ; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

.....POOL TOTAL: LEA UNDESIGNATED;GROUP 1 1

===== POOL: SWD;DEVONIAN

30-025-03595 SANTA FE PACIFIC "E" # 8 K 23 T 9S R36E LAND TYPE: P
LAST PROD/INJ DATE: 10/31/1989; TEST DATE: / / ; EXPIR DATE: / /
MEMO:

.....POOL TOTAL: SWD;DEVONIAN 1

.....OPERATOR TOTAL: METEOR DEVELOPMENTS INC 6

8

02/12/1997

SI/TA WELLS REPORT FORM 45

PAGE 1

WELLS IN COMPLIANCE

METEOR DEVELOPMENTS INC

NMOCD DIST I

P.O. BOX 1980

HOBBS, NM 88241

OPERATOR: METEOR DEVELOPMENTS INC

.....OPERATOR TOTAL: METEOR DEVELOPMENTS INC

0

9

Meteor Developments, Inc. ³⁰³⁻⁵⁷²⁻¹¹³⁵
~~714-897-4848~~
~~12842 Valley View St., Suite 104~~
~~Garden Grove, CA 92645~~ ^{511 16th St Suite 400}
^{Denver, CO 80202}
Thomas M. Weaver, VP

Contract Pumper: ~~John R. Stearns~~ ^{Steve Smith}
~~Office (505) 675-2356~~
³⁶⁴⁻⁵⁰²⁵ ~~Mobil# (505) 398-5761~~ ^{#7410}

OIL COMPANY	LEASE NAME	WELL NO.	UNIT	SEC-TION	TOWN-SHIP	RANGE
MERRION OIL AND GAS INCORPORATED						
	SALAZAR G 34	3	E	34	25N	6W
	SALAZAR G 34	4	H	34	25N	6W
	SALAZAR G COM	1	G	21	25N	6W
	SALAZAR G COM 22	1	I	22	25N	6W
	SALAZAR G COM 22	3	E	22	25N	6W
	SALAZAR G COM 23	1	M	23	25N	6W
	SALAZAR G COM 26	1	M	26	25N	6W
	SAN JUAN UNIT 32 9	285	N	13	32N	10W
	SAN JUAN UNIT 32 9	293	N	25	32N	10W
	SANTA FE 20	2	F	20	21N	8W
	SANTA FE 20	4	I	20	21N	8W
	SHOOFLY	1	C	14	24N	8W
	SHOOFLY	2	A	15	24N	8W
	SNAKE EYES	2	K	20	21N	8W
	SOB FEDERAL	1	E	8	25N	8W
	SOUTH HUERFAND	1	M	35	25N	8W
	SOUTHLAND	1	K	3	26N	13W
	SOUTHLAND	2	O	3	26N	13W
	SOUTHLAND	3	C	10	26N	13W
	SOUTHLAND	4	A	9	26N	13W
	SOUTHLAND	5	G	11	26N	13W
	SOUTHLAND	6	H	10	26N	13W
	SOUTHLAND	7	D	11	26N	13W
	STEPHENSON	1	G	17	25N	8W
	STEPHENSON	2	I	7	25N	8W
	STEPHENSON	3	K	8	25N	8W
	STEPHENSON	4	O	8	25N	8W
	SULLIVAN	9	K	15	26N	12W
	SULLIVAN A	2	D	10	26N	12W
	SUSCO	3	M	9	26N	12W
	THEODORE ZINK	1	D	15	23N	6W
	UTE	7	K	18	32N	14W
	WAGON TRAIN	1	I	6	25N	8W
	WARITO COM	1	B	7	25N	8W
	WARREN G 35	1	K	35	25N	6W
	WARREN G 35	2	I	35	25N	6W
	WARREN G 35	3	C	35	25N	6W
	WARREN G COM 26	2	F	26	25N	6W
	WATER WELL	1	M	14	19N	3W
	WESTERN	2	P	7	26N	11W
	WESTERN	3	D	7	26N	11W
	WESTERN	4	B	18	26N	11W
	WESTERN	5	B	7	26N	11W
	WILD HARE	1	D	11	24N	8W
	YARBOROUGH FEDERAL	1	J	3	23N	6W
	YARBOROUGH FEDERAL B	1	D	10	23N	6W
	YUCCA COM	1	H	2	25N	9W
	ZIA	1	O	2	20N	6W
MESA GRANDE RESOURCES						
	NORTH LINDRITH 23	1	H	23	25N	2W
MESA OIL COMPANY						
	AB COATES B	1	D	21	25S	37E
MESA OPERATING LIMITED PARTNERSHIP						
	BRUINGTON	1	M	15	30N	11W
	FEDERAL	1	B	1	29N	11W
	GAGE	1	C	33	30N	10W
	OTERO	1	J	14	24N	6W
	TRIEB	1	J	33	30N	10W
METEOR DEVELOPMENTS INCORPORATED						
	MARTIN	2	F	20	22S	27E
	MARTIN	3	K	20	22S	27E
	MARTIN	5	L	20	22S	27E
	SANTA FE PACIFIC	1	E	26	9S	36E
	SANTA FE PACIFIC	2	C	26	9S	36E
	SANTA FE PACIFIC	3	M	26	9S	36E
	SANTA FE PACIFIC	5	O	22	9S	36E
	SANTA FE PACIFIC	6	I	22	9S	36E
	SANTA FE PACIFIC	7	M	23	9S	36E
	SANTA FE PACIFIC	8	K	23	9S	36E
	SANTA FE PACIFIC	10	P	22	9S	36E
	SANTA FE PACIFIC	11	D	26	9S	36E
	SANTA FE PACIFIC	12	L	26	9S	36E
	SANTA FE PACIFIC RAILROAD	2	F	27	9S	36E
	SANTA FE PACIFIC RAILROAD	2	F	27	9S	36E

Meteor

SAGA ———
SAGA ——— 2 Y

11

LEASE NAME

NO. UNIT TION SHIP RANGE

METEOR DEVELOPMENTS INCORPORATED

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SANTA FE PACIFIC RAILROAD

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MEWBOURNE OIL COMPANY

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DIRECTORY OF INSURANCE COMPANIES

STATE OF NEW MEXICO

*For new
directory -
7-4547*

CASE NO.	11901
EXHIBIT NO.	2
OIL CONSERVATION DIVISION	
BEFORE EXAMINER STONGER	



ERIC P. SERNA
CHAIRMAN

JEROME D. BLOCK
COMMISSIONER
GLORIA TRISTANI
COMMISSIONER

CHRIS KRAHLING
SUPERINTENDENT OF INSURANCE

STATE CORPORATION COMMISSION

DEPARTMENT OF INSURANCE

DEPARTMENT OF INSURANCE
P.E.R.A BUILDING
SANTA FE, NEW MEXICO

JANUARY 31, 1997

DEPARTMENT OF INSURANCE
COMPANY DIRECTORY

NAME AND ADDRESS OF COMPANY	CLASS OF INSURANCE LICENSE STATUS DATE	STATE INCORPORATED	DATE INCORPORATED	ADMITTED TO N.M.	COMPANY CODE
CAROLINA CONTINENTAL INSURANCE COMPANY P O BOX 427 COLUMBIA, SOUTH CAROLINA 29202 803-256-6265	LIFE &/OR HEALTH	SOUTH CAROLINA	11 25 1968	12 16 1983	4155
CASUALTY RECIPROCAL EXCHANGE, SUBSCRIBERS AT 9201 STATE LINE ROAD KANSAS CITY, MISSOURI 64114-3298 816-361-3600	PROP 80R M&T VE CA 80R SU	MISSOURI	01 01 1912	02 01 1949	672
CATHOLIC KNIGHTS OF AMERICA, THE 3525 HAMPTON AVENUE ST. LOUIS, MISSOURI 63139-1980 314-351-1029	FRATERNAL BENEFIT SOCIETY	MISSOURI	04 24 1916	08 23 1976	1834
CATHOLIC LIFE INSURANCE UNION 1635 N.E. LOOP 410 SAN ANTONIO, TEXAS 78209 210-828-9921	FRATERNAL BENEFIT SOCIETY	TEXAS	11 27 1901	07 01 1994	4710
CELTIC LIFE INSURANCE COMPANY 233 SOUTH WACKER DRIVE, SUITE 700 CHICAGO, ILLINOIS 60606-6393 312-332-5401	LIFE &/OR HEALTH	ILLINOIS	05 03 1949	10 01 1957	971
CENTENNIAL INSURANCE COMPANY THREE GIRALDA FARMS MADISON, NEW JERSEY 07940 201-408-6000	PROP 80R M&T VE CA 80R SU	NEW YORK	09 05 1941	06 26 1951	761
CENTENNIAL LIFE INSURANCE COMPANY P O BOX 470 SHAWNEE MISSION, KANSAS 66201 913-859-8821	LIFE &/OR HEALTH	KANSAS	06 27 1962	12 27 1972	1647
CENTRAL MUTUAL INSURANCE COMPANY 800 SOUTH WASHINGTON STREET VAN WERT, OHIO 45891 419-238-1010	PROP 80R M&T VE CA 80R SU	OHIO	04 17 1876	05 24 1941	48
CENTRAL NATIONAL LIFE INSURANCE COMPANY (THE) 400 BENEFICIAL CENTER PEAPACK, NEW JERSEY 07977 908-781-4090	LIFE &/OR HEALTH	NEW JERSEY	05 26 1989	10 25 1991	4633
CENTRAL NATIONAL LIFE INSURANCE COMPANY OF OMAHA 400 BENEFICIAL CENTER PEAPACK, NEW JERSEY 07977 908-781-4090	LIFE &/OR HEALTH	DELAWARE	04 29 1953	07 15 1953	840

DEPARTMENT OF INSURANCE
COMPANY DIRECTORY

NAME AND ADDRESS OF COMPANY	CLASS OF INSURANCE LICENSE STATUS DATE	STATE INCORPORATED	DATE INCORPORATED	ADMITTED TO N.M.	COMPANY CODE
CENTRAL REASSURANCE CORPORATION P O BOX 1899 LANCASTER, SOUTH CAROLINA 29721-1899 803-283-5305	LIFE &/OR HEALTH	SOUTH CAROLINA	02 16 1982	03 01 1984	4180
CENTRAL RESERVE LIFE INSURANCE COMPANY CRL PLAZA, 17800 ROYALTON ROAD STRONGSVILLE, OHIO 44136 216-572-2400	LIFE &/OR HEALTH	OHIO	07 02 1963	09 23 1980	2062
CENTRAL SECURITY LIFE INSURANCE COMPANY 2185 NORTH GLENVILLE DRIVE RICHARDSON, TEXAS 75082 214-699-2770	LIFE &/OR HEALTH	TEXAS	02 21 1955	11 18 1971	1604
CENTRAL STATES HEALTH & LIFE COMPANY OF OMAHA P O BOX 34350 OMAHA, NEBRASKA 68134 402-397-1111	LIFE &/OR HEALTH	NEBRASKA	06 02 1932	04 24 1961	1086
CENTRAL STATES INDEMNITY COMPANY OF OMAHA P O BOX 34350 OMAHA, NEBRASKA 68134 402-397-1111	PROP &OR M&T VE CA &OR SU	NEBRASKA	05 20 1977	07 20 1984	4195
CENTRAL UNITED LIFE INSURANCE COMPANY WORTHAM TWR 6TH FL 2727 ALLEN PKWY HOUSTON, TEXAS 77019 713-529-0045	LIFE &/OR HEALTH	TEXAS	10 22 1962	07 18 1974	1743
CENTURION CASUALTY COMPANY 206 EIGHTH STREET DES MOINES, IOWA 50309 515-237-7271	PROP &OR M&T VE CA &OR SU	IOWA	02 09 1983	02 18 1991	4595
CENTURION LIFE INSURANCE COMPANY 206 EIGHTH STREET DES MOINES, IOWA 50309 515-237-7508	LIFE &/OR HEALTH	MISSOURI	05 10 1956	12 13 1976	1844
CENTURY INDEMNITY COMPANY P O BOX 7716 PHILADELPHIA, PENNSYLVANIA 19192 215-761-1000	PROP &OR M&T VE CA &OR SU	PENNSYLVANIA	07 02 1963	07 22 1969	1497
CENTURY LIFE ASSURANCE COMPANY 100 N.W. 63RD, SUITE 300 OKLAHOMA CITY, OKLAHOMA 73116 405-879-0099	LIFE &/OR HEALTH	OKLAHOMA	04 29 1980	05 19 1992	4647

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

October 21, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Metacore Developments, Inc.
511 Sixteenth Street
Suite 400
Denver, Colorado 80202

Attention: Dennis R. Staal

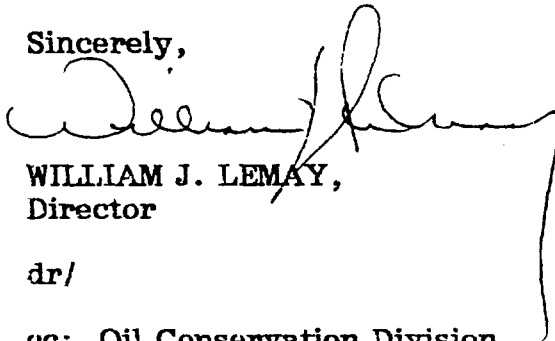
Re: \$50,000 Blanket Plugging Bond
Bordeaux Petroleum Company
Bond No. 9004

Dear Mr. Staal:

The Oil Conservation Division hereby acknowledges receipt of and approves the rider to the above-captioned bond changing the name of principal as follows:

METEOR DEVELOPMENTS, INC.

Sincerely,



WILLIAM J. LEMAY,
Director

dr/

cc: Oil Conservation Division
Hobbs, Artesia, Aztec

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

October 10, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Meteor Developments, Inc.
511 Sixteenth Street
Suite 400
Denver, Colorado 80202

Attention: Dennis R. Staal

Rre: \$50,000 Blanket Plugging Bond
Bordeaux Petroleum Company

Dear Mr. Staal:

I am in receipt of the rider to the above-captioned bond changing the name of principal to Meteor Developments, Inc. Our Hobbs district office has advised me that they have received all C-104's, Change of Operator, with the exception of one, that being the Santa Fe Pacific Railroad Well No. 3 in Unit C of Section 27, T-9-S, R-36-E. As soon as this C-104 is received in the Hobbs' office, we will proceed with the approval of this name change.

Sincerely,

A handwritten signature in dark ink, appearing to read "Diane Richardson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

DIANE RICHARDSON

Administrator
Bond Department

METEOR
DIVISION
OIL CONTROL
RECEIVED
SEP 23 AM 9 37

DEVELOPMENTS, INC.

*Done check
Completed check
9-25-91*

September 18, 1991

Mr. William Lemay
State of New Mexico
P. O. Box 2088
State Land Office Building
Santa Fe, NM 87504

Reference: \$50,000 Blanket Plugging Bond
Bordeaux Petroleum Company, Principal
Central Pacific Assurance, Ltd., Surety
Bond No. 9004

Dear Mr. Lemay:

Enclosed is a copy of the change in name for our plugging bond.

Meteor Developments, Inc. is preparing the necessary forms to change operator from Bordeaux Petroleum Company to Meteor Developments, Inc. Bordeaux Petroleum Company will no longer be operating in the State of New Mexico and all wells formerly operated by Bordeaux Petroleum Company will be operated by Meteor Developments, Inc.

If you have any question please contact me at (303) 572-1135.

Sincerely,

Dennis R. Staal

Dennis R. Staal

BOND

CHANGE IN NAME AND/OR ADDRESS OF PRINCIPAL RIDER

To be attached to and form a part of Bond No. 9004 in the amount of \$ 50,000

issued by Central Pacific Assurance of behalf of _____

Bordeaux Petroleum Company

in favor of State of New Mexico

It is understand and agreed that the bond described above is hereby modified

so as to state the Name of the Principal therein as:

METEOR DEVELOPMENTS, INC.

from and after _____.

It is further expressly understood and agreed that the aggregate liability of the above named surety, under said bond to the Obligee herein mentioned shall not exceed the amount stated above.

Nothing herein contained shall be held to vary, alter, waive, or extend and of the terms, agreements, conditions, or limitations of the above mentioned bond, other than as above stated.

Signed, Sealed, and Dated the 12th day of September 19 71.

By: Milton R. Ballant
Attorney in fact

For: Central Pacific Assurance Ltd.
Surety



Central Pacific Assurance, Ltd. ON DIVISION
Reinsurance RECEIVED

'90 NOV 9 AM 8 36

Executive Office

9744 Wilshire Blvd.
Suite 430
Beverly Hills, CA 90212

(213) 274-5100
Fax: (213) 274-1630

November 6, 1990

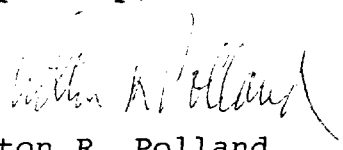
Diane Richardson
State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico, 87504

Dear Ms. Richardson:

We received your letter of October 29, 1990. The correct telephone number and address is listed above.

We are sorry for causing you some inconvenience regarding our telephone number. This letter will bring your records up to date for which we thank you.

Very Truly,


Milton R. Polland
Chairman of the Board
MRP/lb

Home Office: P.O. Box 116 • Majuro, Republic of Marshall Islands 90960

Nevada Office: 3000 W. Charleston • Suite 4 • Las Vegas, Nevada 89102 • (702) 877-9686



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

GARREY CARRUTHERS
GOVERNOR

October 29, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Central Pacific Assurance Ltd
10445 Wilshire Blvd.
Suite 303
Los Angeles, Ca. 90024

Re: \$50,000 Blanket Plugging Bond
Bordeaux Petroleum Company, Principal
Bond No. 9004

Gentlemen:

I tried unsuccessfully to contact you by telephone this date. I would very much appreciate your forwarding me your telephone number so that I could bring our records up-to-date.

Sincerely,

A handwritten signature in cursive script, appearing to read "Diane Richardson".

DIANE RICHARDSON
Administrator
Bond Department

OIL CONSERVATION COMMISSION

BLANKET BOND CANCELLATIONS

Operator's Name BORDEAUX Petroleum Co
Code No. 189556
Request received 10-22, 1990.

1. Check current production listing. List all wells and status.
2. Check current SWD listing (Area-Operator).
List all wells and status.
3. Check latest drilling print-out.
4. Check weekly activity reports from date of drilling print-out to date of request.
5. Check Stratagraphic Tests Files.

FINDINGS: (Note below - or use attachments if necessary)

3 m 26-09^S-36^E
8 K 23-09^S-36^E
1 A 33-09^S-36^E

The above items have been checked

By [Signature]

Date 10-22-90



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

GARREY CARRUTHERS
GOVERNOR

February 27, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Bordeaux Petroleum Company
333 W. Hampden Avenue
Suite 604
Englewood, Co. 80110

Attention: Dennis R. Staal

Re: \$50,000 Blanket Plugging Bond
Bordeaux Petroleum Company, Principal
Central Pacific Assurance, Ltd., Surety
Bond No. 9004

Dear Mr. Staal:

The Oil Conservation Division hereby approves the above-referenced blanket plugging bond effective February 26, 1990.

Sincerely,

A handwritten signature in dark ink, appearing to read "William J. Lemay", written over the typed name and title.

WILLIAM J. LEMAY,
Director

dr/

cc: Oil Conservation Division
Hobbs, Artesia, Aztec

Central Pacific Assurance Ltd.
10445 Wilshire Blvd.
Suite 303
Los Angeles, Ca. 90024



Bordeaux Petroleum Company

OIL DIVISION
RECEIVED

FEB 22 PM 3 58

February 20, 1990

Gymore
2-26-90

State Of New Mexico
Oil Conservation Division
Attn: Diane Richardson, Administrator
P.O. Box 2088
Santa Fe, NM 87504

RE: \$50,000 Blanket Plugging Bond
Registration Number: 1468545

Dear Diane,

Enclosed please find the completed blanket plugging bond for your approval. This letter is to also inform you that we are now registered to do business in the State of New Mexico.

If you have any questions, please do not hesitate to call.

Sincerely,

Dennis R. Staal

Dennis R. Staal
President

RECEIVED AM 11 1989

STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

December 19, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Bordeaux Petroleum Company
333 W. Hampden Avenue
Suite 604
Englewood, Colorado 80110

Attention: Dennis R. Staal

Re: \$50,000 Blanket Plugging Bond
Bordeaux Petroleum Company, Principal
Bond No. 9004

Dear Mr. Staal:

I am in receipt of the above-captioned blanket plugging bond. Before I can approve this bond it will be necessary for Bordeaux Petroleum Company to be registered to do business in the state with the Corporation Commission. Their telephone number is (505) 827-4511.

I am also returning this bond to Central Pacific Assurance, LTD. so that Mr. Milton R. Pollard can complete the "Acknowledgement Form for Corporate Surety".

Just as soon as I receive this bond back in my office and you advise me that you are registered, I will proceed with the approval of this bond.

Sincerely,

Diene Richardson
DIANE RICHARDSON
Administrator
Bond Department

registration #
1468545
/

*Central Pacific Assurance
10445 Wilshire Blvd
Suite 303
LA, Ca.
90024*

STATE OF NEW MEXICO

\$50,000.00 BLANKET PLUGGING BOND

BOND NO. 9004

(For Use of Surety Company)

File with Oil Conservation Division, P.O.Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Bordeaux Petroleum Company, (~~An individual~~) (~~a partnership~~)
(a corporation organized in the State of Colorado, with its principal office in the city of
Englewood, State of Colorado, and authorized to do business in
the State of New Mexico), as PRINCIPAL, and Central Pacific Assurance, Ltd., a
corporation organized and existing under the laws of the State of California, and authorized
to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use
and benefit of the Oil Conservation Division of New Mexico pursuant to Section 65-3-11, New Mexico Statutes
Annotated, 1953 Compilation, as amended, in the sum of Fifty Thousand Dollars (\$50,000.00) lawful money of the United
States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind themselves, their
successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or
helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or
helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private
individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence
the drilling of wells to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or may acquire, own or
operate such well, or such wells started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) gas leases, or
helium gas leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private
individuals, the identification and location of said well being expressly waived by both principal and surety hereto.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall
plug all of said wells when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Division
of New Mexico in such way as to confine the oil, gas, and water in the strata in which they are found, and to prevent them from escaping into
other strata;

THEN, THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of said
obligations, the same shall remain in full force and effect.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Division of New Mexico of written notice of
cancellation from the surety, the obligation of the surety hereunder shall terminate as to property or wells acquired, drilled, or started after
said thirty (30) day period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore acquired, drilled or
started.

leg. #
1468545

Bordeaux Petroleum Company
PRINCIPAL
333 W. Hampden Ave. Suite 604
Englewood, CO 80110
Address
By Dennis R. Staal
Signature
President
Title

CENTRAL PACIFIC ASSURANCE, LTD.
SURETY
10445 Wilshire Blvd. Suite 303
Los Angeles, CA 90024
Address
By Milton R. Polland
Attorney-in Fact

(Note: Principal, if corporation, affix corporate seal here.)

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF California
COUNTY OF Los Angeles) ss.

On this 28th day of November, 19 89, before me personally appeared Milton R. Polland, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

August 18, 1992
My Commission expires



Ellen S. Rubin
Notary Public

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF Colorado
COUNTY OF Arapahoe) ss.

On this 7th day of November, 19 89, before me personally appeared Dennis R. Staal, to me personally known who, being by me duly sworn, did say that he is President of Bordeaux Petroleum Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

My Commission Expires May 3, 1992
333 W. Hampden Ave.
My Commission expires Englewood, Colorado 80110

David S. Rubin
Notary Public

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES) ss.

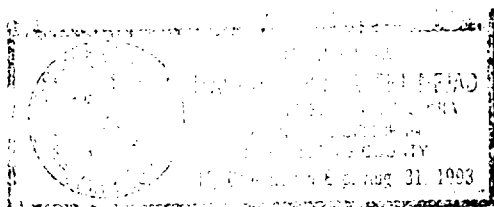
On this 22ND day of JANUARY, 19 90, before me appeared MILTON R. POLLAND, to me personally known, who, being by me duly sworn, did say that he is THE PRESIDENT of CENTRAL PACIFIC ASSURANCE LTD. and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

My Commission expires
(Note: Corporate surety attach power of attorney.)

Notary Public

Manocheva Tahinejad



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By [Signature]
Date _____

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO

NAME
STREET
ADDRESS
CITY
STATE
ZIP

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

POWER OF ATTORNEY

SPECIAL

KNOW ALL MEN BY THESE PRESENTS: That I, Peter D. Polland, the undersigned (jointly and severally if more than one, hereinafter collectively "principal"), hereby make, constitute and appoint Milton R. Polland

principal's true and lawful attorney to act for principal and in principal's name, place and stead and for principal's use and benefit:

- (a) To sign its name as Surety to, and to execute, seal, and acknowledge any and all bonds and to respectively do and perform any and all acts and things set forth in the resolution of the Board of Directors of Central Pacific Assurance Ltd. The Board of Directors hereby ratifies and confirms all and whatsoever Milton R. Polland may lawfully do in the premises by virtue of these presents. In witness thereof, this instrument is duly authorized and attested.

Principal hereby grants to said attorney in fact full power and authority to do and perform each and every act and thing which may be necessary, or convenient, in connection with any of the foregoing, as fully, to all intents and purposes, as principal might or could do if personally present, hereby ratifying and confirming all that our said attorney in fact shall lawfully do or cause to be done by authority hereof.

Wherever the context so requires, the singular number includes the plural.

WITNESS my hand this 15 day of September, 1988.

STATE OF CALIFORNIA

COUNTY OF

LOS ANGELES

} ss.

On this 15TH day of SEPTEMBER, in the year 1988, before me, the undersigned, a Notary Public in and for said State, personally appeared PETER D. POLLAND

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed it.

WITNESS my hand and official seal.

Notary Public in and for said State.



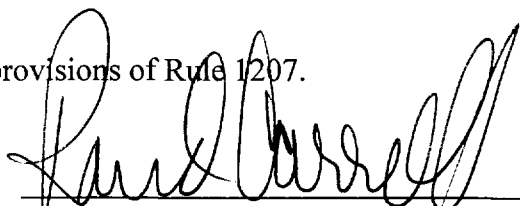
**STATE OF NEW MEXICO ENERGY,
MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPORVISORS OF DISTRICT I AND II FOR AN ORDER REQUIRING METEOR DEVELOPMENTS, INC. TO PROPERLY PLUG FOURTEEN WELLS (FOUR WELLS LOCATED IN SECTION 22, TWO WELLS IN SECTION 23 AND FIVE WELLS IN SECTION 26, ALL IN TOWNSHIP 9 SOUTH, RANGE 36 EAST, LEA COUNTY AND THREE WELLS IN SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO), AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND RECOVER THE COSTS FROM METEOR, AND ORDERING A FORFEITURE OF THE PLUGGING BOND.

CASE NO. 11901

AFFIDAVIT REGARDING NOTICE

1. I am over the age of eighteen and have personal knowledge of the matters stated herein.
2. I am the attorney of record for Applicant.
3. Applicant has conducted a good faith, diligent effort to find the correct addresses of interest owners entitled to receive notice of the Application herein.
4. Notice of the Application was provided to the interest owners at their correct addresses by mailing them, by certified mail, a copy of the Application. Copies of the notice letter and certified return receipts are attached hereto.
5. Applicant has complied with the notice provisions of Rule 1207.



Rand Carroll

SUBSCRIBED AND SWORN TO before me this 16th day of December, 1997,
by Rand Carroll.

*My Commission Expires:
1-6-2000*



Notary Public

BEFORE EXAMINER STOGNER

OIL CONSERVATION DIVISION

OCD EXHIBIT NO. 3

DATE NO. 11901

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Meteor Developments, Inc.
216 16th Street, Suite 730
Denver, CO 80202

4a. Article Number
P 326 936 274

4b. Service Type

☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery
DEC 01 1994

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
X *[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

102595-97 B-0179

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Santa Fe Pacific Railroad Co.
550 W. Texas, Suite 1330
Midland, TX 79701

4a. Article Number
Z 765 963 469

4b. Service Type

☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery
12-1-97

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)
X *[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

102595-97 B-0179

Thank you for using Return Receipt Service.

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

- I also wish to receive the following services (for an extra fee):
1. ☒ Addressee's Address
 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Meteor Development, Inc.
511 16th Street, Suite 400
Denver, CO 80202

4a. Article Number
P 326 936 275

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

- I also wish to receive the following services (for an extra fee):
1. ☒ Addressee's Address
 2. ☐ Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Central Pacific Assurance, Ltd.
9744 Wilshire Blvd., Suite 430
Beverly Hills, CA 90212

4a. Article Number
Z 765 963 470

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

Re

5. Received By: (Print Name)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

State of New Mexico ^{Second Notice}
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

2040 South Pacheco
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

CERTIFIED

Z 765 963 4RB

MAIL

RETURN RECEIPT REQUESTED

FORWARDING EXPIRED
Central Pacific Assurance, Ltd.
144 Wilshire Blvd., Suite 430
Beverly Hills, CA 90212

RETURN TO
SENDER

FORWARDING ORDER EXPIRED

Known
☐ Temporarily
☐ Ret. P.
☐ Vacat.
☐ No R.
☐ Other

Hand

ocp

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

2040 South Pacheco
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

RETURN RECEIPT REQUESTED

CERTIFIED

P 326 936 275

MAIL

Meteor Developments, Inc.
511 16th Street, Suite 400,
Denver, CO 80202

Hand Known
4-2-01

P 326 936 275

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Meteor Developments, Inc.	
Street & Number	
511 16th St., Suite	
Post Office, State, & ZIP Code	
400 Denver, CO 80202	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

Fold at line over top of envelope to
the right of the return address

Z 765 963 470

**Receipt for Certified Mail**

No Insurance Coverage Provided

Do not use for International Mail (See Reverse)

Sent to	
Central Pacific Assurance	
Street and No.	
9744 Wilshire Blvd. Ste 430	
P.O., State and ZIP Code	
Beverly Hills, CA 90212	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, March 1993

P 326 936 274

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Meteor Developments, Inc.	
Street & Number	
216 16th Street, Ste. 730	
Post Office, State, & ZIP Code	
Denver, CO 80202	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

Fold at line over top of envelope to
the right of the return address

Z 765 963 469

**Receipt for Certified Mail**

No Insurance Coverage Provided

Do not use for International Mail (See Reverse)

Sent to	
Santa Fe Pacific Railroad	
Street and No.	
550 W. Texas, Ste. 1330	
P.O., State and ZIP Code	
Midland, TX 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, March 1993

Fold at line over top of envelope to
the right of the return address



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 25, 1997

Certified Mail
Return Receipt Requested

Meteor Developments Inc.
216 16th Street, Suite 730
Denver, CO 80202

Meteor Developments Inc.
511 16th Street, Suite 400
Denver, CO 80202

Central Pacific Assurance, Ltd.
9744 Wilshire Blvd., Suite 430
Beverly Hills, CA 90212

Santa Fe Pacific Railroad Co.
550 W. Texas, Suite 1330
Midland, TX 79701

RE: Application of the New Mexico Oil Conservation Division for a Show Cause Hearing requiring Meteor Developments Inc. and Central Assurance, Ltd. and other interested parties to appear and show cause why fourteen wells located in Sections 22, 23 and 26, Township 9 South, Range 36 East, Lea County, NM and Section 20, Township 22 South, Range 27 East, Eddy County, NM should not be plugged and abandoned

Dear Sir/Madam:

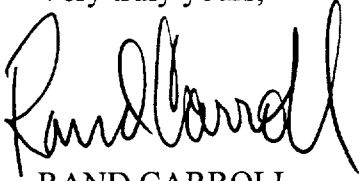
This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring Meteor Developments Inc. and Central Pacific Assurance, Ltd. and other interested parties to appear and show cause why the above-referenced wells should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on December 18, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90--- Enclosed)

to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is fluid and cursive, with the first name "Rand" and last name "Carroll" clearly distinguishable.

RAND CARROLL

ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION

Enclosures

cc: Chris Williams, OCD Hobbs District Supervisor
Tim Gum, OCD Artesia District Supervisor

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

1997
Oil Conservation

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISORS OF DISTRICT I AND II FOR AN ORDER REQUIRING METEOR DEVELOPMENTS, INC. TO PROPERLY PLUG FOURTEEN WELLS (FOUR WELLS LOCATED IN SECTION 22, TWO WELLS IN SECTION 23 AND FIVE WELLS IN SECTION 26, ALL IN TOWNSHIP 9 SOUTH, RANGE 36 EAST, LEA COUNTY, AND THREE WELLS LOCATED IN SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO), AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND RECOVER THE COSTS FROM METEOR, AND ORDERING A FORFEITURE OF THE PLUGGING BOND.

CASE NO. _____

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Meteor Developments, Inc. (the "Operator") is the operator of fourteen wells: four wells located in Units I, N, O, and P, Section 22; two in Units K and M, Section 23; and five in Units C, D, E, L and M, Section 26; all in Township 9 South, Range 36 East, Lea County; and three in Units F, K and L, Section 20, Township 22 South, Range 27 East, New Mexico.

2. Operator has posted a surety bond in the amount of \$50,000 for said wells in compliance with Section 70-2-14 NMSA 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the wells operated by Operator. Central Pacific Assurance Ltd. is surety on the bond, Bond No. 9004.

3. The subject wells have not produced hydrocarbons or have otherwise been inactive for more than one year or are no longer usable for beneficial purposes and no permit for temporary

abandonment has been requested by the Operator and approved by the Division.

4. By virtue of the failure to use the wells for beneficial purposes or to have approved current temporary abandonment permits, the subject wells are presumed to have been abandoned and are required to be plugged.

5. By authority of Section 70-2-14 NMSA 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

6. Demand has been made or attempted to be made upon the Operator to either place the subject wells to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisors of District I and II of the Oil Conservation Division apply to the Director to enter an order:

A. Determining whether or not the wells should be plugged in accordance with a Division-approved plugging program.

B. Upon a determination that said wells should be plugged, directing Operator to plug said wells.

C. Further ordering that if Operator fails to plug and abandon said wells as ordered by the Director, that the Division be authorized:

i. to plug said wells;

ii. to declare forfeit on said bond, if any, and to take such action to

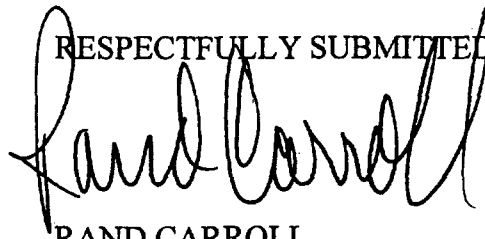
foreclose on said bond,

iii. to recover from the Operator any costs of plugging said wells in excess
of the amount of the bond, if any, and

iv. to impose fines on the Operator for failure to take action on these wells.

D. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll", written over the typed name.

RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, NM 87505

(505) 827-8156



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

GARREY CARRUTHERS
GOVERNOR

OFFICE OF THE GOVERNOR
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 241-1000

2-90

MEMORANDUM

TO: All Parties Appearing Before OCD Examiners or the Commission

FROM: William J. LeMay, Director *WJL*

SUBJECT: Prehearing Statement to be Filed Prior to Hearing

DATE: April 30, 1990

In order to improve the management of hearing dockets before Oil Conservation Division examiners and the Oil Conservation Commission, parties appearing in any cases are hereby requested to file a **PREHEARING STATEMENT** substantially in the form attached to this memorandum by **4:00 p.m. on the Friday before a scheduled hearing** beginning with the Docket set for May 30, 1990. The statements should be filed by the attorney who will be representing the party at the hearing. Two copies should be provided for examiner hearings and four copies for Commission hearings with an additional copy provided to the reporter on the day of the hearing. The statement must be served on any party who has entered an appearance pursuant to Rule 1208.

There are several benefits to be derived from the statements. First the examiner or Commission will be able to anticipate the approximate length of a case in order to schedule the court reporter and plan their own schedules. Hopefully it will also enable parties to better determine when they can expect their case to be heard. By identifying the issues and evidence in advance, the examiners and the parties will be better prepared for the hearings. Changes in witnesses and exhibits will normally be allowed.

Parties subject to this memorandum include applicants and any other party planning to appear either in opposition or support of an application. Applicants should include in the notice required under Division Rules a statement that a prehearing statement is required by any person planning to appear and that anyone wishing to receive other parties' prehearing statements or pleadings must file an entry of appearance.

If any party in a case fails to file a prehearing statement the examiner or the Commission reserves the right to make such adjustments to the docket as are appropriate in a given circumstance, such as moving the case to the end of the docket after all cases in which parties have filed their statements. Because this procedure is intended to improve the hearing process, it is hoped that the high level of support and cooperation normally shown in OCD and OCC proceedings will continue.

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO.

APPLICATION OF

PRE-HEARING STATEMENT

This prehearing statement is submitted by _____
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

ATTORNEY

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)

Signature

Second Notice

State of New Mexico
Second
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

2040 South Pacheco
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

CERTIFIED

Z 765 963

MAIL

RETURN RECEIPT REQUESTED

WARDING
Expired
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Bav

Central Pacific Assurance, Ltd.
444 W. Shore Blvd., Suite 450
Berkeley Hills, CA 90212

2

**FORWARDING
ORDER
EXPIRED**

☐ Temperature
☐ N₂
☐ O₂
☐ H₂
☐ CO₂
☐ CH₄

[illegible]

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

Central Pacific Assurance, Ltd.
9744 Wilshire Blvd., Suite 430
Beverly Hills, CA 90212

4a. Article Number
Z 765 963 470

4b. Service Type

- ☐ Registered ☒ Certified
- ☐ Express Mail ☐ Insured
- ☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested and fee is paid)

I also wish to receive the following services (for an extra fee):

- ☒ Addressee's Address
- ☐ Restricted Delivery

Consult postmaster for fee.

Thank you for using Return Receipt Service.

PS Form **3811**, December 1994

Domestic Return Receipt

State of New Mexico

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

2040 South Pacheco
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

RETURN RECEIPT REQUESTED

CERTIFIED

P 326 936 275

MAIL

Name _____
First Notice _____
Second Notice _____
Return _____

Meteor Developments, Inc.
511 16th Street, Suite
Denver, CO 80202

ATTEMPTED DELIVERY
SEE BACK FOR DETAILS

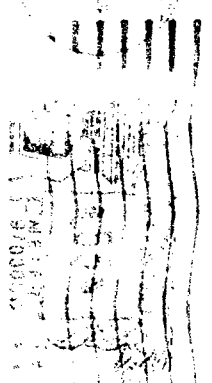
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7-2-01

State of New Mexico

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

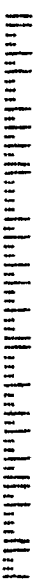
2040 South Pacheco
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

Sally



Meteor Development, Inc.
210 16th Street
Suite 730
Denver, Colorado 80202

87505-5472



Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:		I also wish to receive the following services (for an extra fee):	
<ul style="list-style-type: none">■ Complete items 1 and/or 2 for additional services.■ Complete items 3, 4a, and 4b.■ Print your name and address on the reverse of this form so that we can return this card to you.■ Attach this form to the front mailpiece, or on the back if space does not permit.■ Write "Return Receipt" on the mailpiece below the article number.■ The Return Receipt will be used to verify the article was delivered and the date delivered.		<ul style="list-style-type: none">1. <input checked="" type="checkbox"/> Addressee's Address2. <input type="checkbox"/> Restricted Delivery	
3. Article Addressed by: Meteor Development, S.C. 511 16th Street, Suite 400 Denver, CO 80202 <i>PC</i>		4a. Article Number P 326 936 275	
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) X		7. Date of Delivery	
8. Addressee's Address (Only if requested and fee is paid)			

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☒ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Santa Fe Pacific Railroad Co.
550 W. Texas, Suite 1330
Midland, TX 79701

RC

4a. Article Number

Z 765 963 469

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

12-1-97

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

Same

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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I also wish to receive the following services (for an extra fee):

1. ☒ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Meteor Developments, Inc.
216 16th Street, Suite 730
Denver, CO 80202

RC

4a. Article Number

P 326 936 274

4b. Service Type

- ☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

DEC 01 1997

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Print your name, address, and ZIP Code in this box •

~~Oil Conservation Division~~
~~2040 South Pacheco~~
~~Santa Fe, NM 87505~~

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Print your name, address, and ZIP Code in this box •

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

P 326 936 275

Z 765 963 469



Receipt for Certified Mail

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

PS Form 3800, March 1993

Sent to		Central Pacific Assurance
Street and No.		9744 Wilshire Blvd. Ste 430
P.O., State and ZIP Code		Beverly Hills, CA 90212
Postage		\$
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, and Addressee's Address		
TOTAL Postage & Fees		\$
Postmark or Date		

PS Form 3800, April 1995

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail (See Reverse)

Sent to		Meteor Developments, Inc.
Street & Number		511 16th St., Suite 400
Post Office, State & ZIP Code		Denver, CO 80202
Postage		\$
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, & Addressee's Address		
TOTAL Postage & Fees		\$
Postmark or Date		

PS Form 3800, March 1993

Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to		Santa Fe Pacific Railroad
Street and No.		550 W. Texas, Ste. 1330
P.O., State and ZIP Code		Midland, TX 79701
Postage		\$
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, and Addressee's Address		
TOTAL Postage & Fees		\$
Postmark or Date		

Fold at this point and place in envelope to the address

US Postal Service

Receipt for Certified Mail

For Insurance Coverage Provided

Domestic and International Mail (See psv-600)

Sent to

Meteor Developments, Inc.

Address Number

216 16th Street, Ste. 730

Post Office, State, and ZIP Code

Denver, CO 80202

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\$

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the return of the return address

**PETROLEUM, L. L. C.**

December 16, 1997

NM Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

ILLEGIBLE**Re: NMOCD Case 11901**

Gentlemen:

Following are Saga Petroleum's ideas concerning the Meteor Crossroads Field leases:

- Saga wishes to immediately unitize it's leases in the Crossroads Devonian Field. Produced water will be injected down dip in the structure for pressure maintenance. Unitization will reduce operating expenses, extend the producing life of the leases, and reduce leaks and spills by allowing for a new, central production facility.
- While Saga cannot accept the environmental liability for the Meteor leases, we are willing to work with the State to clean up the Meteor properties, plug those wells that need to be plugged, and reactivate the remaining wellbores that are economic to produce, all at our cost. Saga will utilize company personnel, with company owned dirt moving equipment and well servicing units to perform the necessary work at a cost substantially below contractor prices. A mutually agreeable plan between the State and Sage would contain a reasonable time table for completion of the work, detailed work plans, and cost estimates. Saga would also need to be properly indemnified for accepting responsibility of the executing the plan and taking over operations of these leases.
- Once the Meteor leases are capable of producing in economic quantities, these leases should be merged into the Crossroads Devonian Unit discussed earlier.
- The previous discussions assume that the existing mineral leases under the Meteor leases can be obtained by Saga from MarBob and G.W. Ainsworth. This is necessary to legally produce the Devonian zone in these wells, and at this time we believe this can be accomplished.

If you have any additional questions, or need any additional information, please call.

Sincerely,

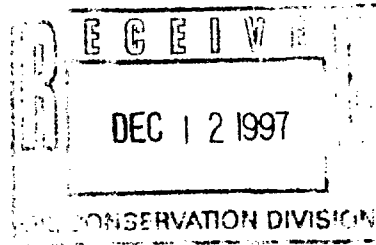
J. Charles Farmer
Manager

415 W. Wall, Ste 835
Office: (915) 684-4293

Midland, TX 79701
Fax (915) 684-0829



PALADIN ENERGY CORP.



December 9, 1997

Mr. Ran Carol
Attorney
2040 Pacheco
Santa Fe, NM 87505

Dear Mr. Carol:

I have been informed that you will be representing the state of New Mexico in a NMOCD hearing scheduled for December 18, 1997 concerning oil and gas properties operated by Meteor Developments, Inc. in Lea County, NM. It is our understanding that the State of New Mexico has filed application to take over the referenced properties.

Paladin Energy currently operates wells in Lea County, NM and is actively pursuing growth opportunities. Pending the results of the upcoming hearing, Paladin would be very interested in discussing an arrangement with the State in which Paladin would be allowed to attempt to re-activate one or more of the currently shut-in producers. Mr. Mickey Horn, Paladin Energy Operations Manager, has been in communication with Mr. Chris Williams in the Hobbs NMOCD office and we strongly believe that a mutually beneficial arrangement can be achieved.

I would greatly appreciate the opportunity to discuss Paladin's interest in the referenced properties and the process required to successfully negotiate an agreement. Please contact me at (214) 654-0134. Thank you for time and consideration.

Sincerely,

Rick Fuerman
Vice President - Acquisitions