

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

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

AFFIDAVIT OF NOTICE AND PUBLICATION

In accordance with Division Rule 1227.D [19.15.14.1227.D NMAC] and Rule 1210 [19.15.14.1210 NMAC] I hereby certify:

1. Notice of the May 24, 2007 hearing in the above-captioned case was mailed to the following by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

Northstar Oil & Gas
P.O. Box 93
Farmington, NM 87499-0093

Certified Mail No. 7002 2030 0006 2712 9964

John Corbitt, Registered Agent
Northstar Oil & Gas
311 N Behrend
Farmington, NM 87401

Certified Mail No. 7002 2030 0006 2712 9933

John Corbitt
Northstar Oil & Gas
P.O. Box 168
Sewickley PA 15143

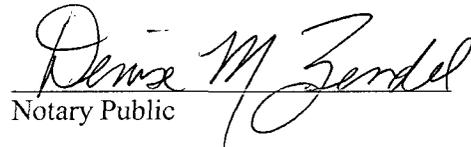
Certified Mail No. 7002 2030 0006 2712 9940

2. Exhibit A to this affidavit is a copy of the notice, with a copy of the certified mail return receipt for the letter mailed to Northstar Oil & Gas in Sewickley, Pennsylvania. The letters mailed to the available addresses in New Mexico were returned to sender.

3. Notice of the May 24, 2007 hearing was published in The Daily Times, a newspaper of general circulation in San Juan County. The affidavit of publication from The Daily Times is attached as Exhibit B.


Gail MacQuesten

SUBSCRIBED AND SWORN to before me this 19th day of June 2007.


Notary Public

My Commission Expires:

1-9-08



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL W. CHARDSON
Governor

Joanna Prukop
Chief Secretary

Mark E. Fesmire, P.E.
Director

Oil Conservation Division

April 26, 2007

Northstar Oil & Gas
P.O. Box 93
Farmington, NM 87499-0093

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CASE 13920: 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.

Dear Operator:

You are hereby notified that the New Mexico Oil Conservation Division (OCD) has filed the above-captioned application for a compliance order against Northstar Oil & Gas. A copy of the application is enclosed.

A hearing on this application will take place before a Division hearing officer on **Thursday, May 24, 2007**, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing the Operator will have an opportunity to oppose the entry of the order. **If you intend to present evidence at the hearing, you should file a pre-hearing statement at least four business days in advance of the hearing, as required by 19.15.14.1211.B NMAC.** A copy of that rule is enclosed. I have also enclosed a copy of 19.15.14.1212, which addresses representation at administrative hearings before the Division.

If you have questions about the application you may call me at (505) 476-3451.

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. _____ 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.

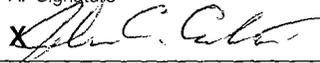
SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

John Corbitt
Northstar Oil & Gas
P.O. Box 168
Sewickley, PA 15143

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery
JOHN C. CORBETT 5/7/07

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number 7002 2030 0006 2712 9940
(Transfer from service label)

AFFIDAVIT OF PUBLICATION

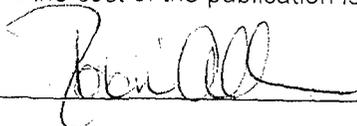
Ad No. 55047

STATE OF NEW MEXICO
County of San Juan:

ROBIN ALLISON, being duly sworn says:
That she is the CLASSIFIED MANAGER of
THE DAILY TIMES, a daily newspaper of
general circulation published in English at
Farmington, said county and state, and that
the hereto attached Legal Notice was
published in a regular and entire issue of the
said DAILY TIMES, a daily newspaper duly
qualified for the purpose within the meaning of
Chapter 167 of the 1937 Session Laws of the
State of New Mexico for publication and
appeared in the Internet at The Daily Times
website on the following day(s):

Monday, April 30, 2007

And the cost of the publication is \$119.40



ON 5/1/07 ROBIN ALLISON
appeared before me, whom I know personally
to be the person who signed the above
document.


My Commission Expires November 17, 2008

OK
JC

COPY OF PUBLICATION

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

The State of New Mexico through its Oil Conservation Commission hereby gives notice pursuant to law and Commission rules of the following meeting and public hearing to be held at 9:00 A.M. on **May 24, 2007**, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation Commission. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter or any other form of auxiliary aid or service to attend or participate in the hearing please contact Division Administrator Florene Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) by **May 14, 2007**. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A preliminary agenda will be available to the public no later than two weeks prior to the meeting. A final agenda will be available no later than 24 hours preceding the meeting. Members of the public may obtain copies of the agenda by contacting Ms. Davidson at the phone number indicated above. Also, the agenda will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 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.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 26th day of April, 2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Mark E. Fesmire, P. E.
Division Director

SEAL

Legal No. 55047 published in The Daily Times, Farmington, New Mexico on Monday April 30, 2007

Case 13920
Affidavit of Notice & Publication
OCD Exhibit No. 1-B