



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 26, 2006

Cheryl O'Connor, Assistant General Counsel
Oil Conservation Division, NMEMNR
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Northstar Oil and Gas
Davie #1, M Sec 02 29N 15W, API 30-45-25092
Barbara #1, P 12, 29N 15W, API 30-045-24263

Financial assurance: AMWEST SURETY INSURANCE Bond # 1339364

Dear Cheryl:

Northstar Oil and Gas is not in compliance with Oil Conservation Division Rules on the above listed wells. See OCD Rule 201 [19.15.4.201 NMAC].

On numerous occasions I have contacted Northstar Oil and Gas' representative, Mr. John Corbett, regarding the above listed wells. Each time Mr. Corbett advised that he is selling the wells. The last reported production was in 1991.

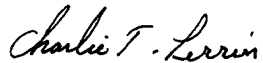
Therefore, I am requesting that you **schedule an enforcement hearing** before an OCD hearing examiner seeking an Order requiring that the wells be properly plugged and abandoned pursuant to NMSA 1978, section 70-2-14(B). That statute provides:

If any of the requirements of the Oil and Gas Act 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. (Emphasis added.)

If you have any questions, please call me at 505-334-6178, ext. 11.

Cheryl O'Connor, Assistant General Counsel
Oil Conservation Division, NMEMNR
September 26, 2006
Page 2

Sincerely yours,

A handwritten signature in cursive script that reads "Charlie F. Perrin".

Charlie Perrin
District III Supervisor

pc: John Corbett
Northstar Oil & Gas
P.O. Box 168
Sewickley, Pennsylvania 15143

Amwest Surety Insurance
PO BOX 4500
Wood Hill, CA 91365

Daniel Sanchez, OCD Compliance Director
Well file