

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

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.

2008 APR 9 PM 1:42
RECEIVED

CASE NO. 13920
(RE-OPENED)

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 April 16, 2008 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:

James Bruce
Post Office Box 1056
Santa Fe, NM 87504

Certified Mail No. 7005 3110 0002 2085 0332

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

Certified Mail No. 7005 3110 0002 2085 0349

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 and James Bruce in Santa Fe, New Mexico.

3. Notice of the original March 13, 2008 hearing setting 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
Gail MacQuesten



SUBSCRIBED AND SWORN to before me this 7 day of April 2008.

Denise M Zindel
Notary Public

My Commission Expires:
1-08-2012

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 21, 2008

Mr. James Bruce
Post Office Box 1056
Santa Fe, NM 87504

Certified Mail No. 7005 3110 0002 2085 0332

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

Certified Mail No. 7005 3110 0002 2085 0349

Case No. 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 and Counsel:

You are hereby notified that the New Mexico Oil Conservation Division (OCD) has filed a motion to re-open case 13920 to clarify the responsibilities of the OCD and Northstar Oil & Gas (Northstar) under the terms of Order R-12779-A. A copy of the motion is enclosed.

A hearing on this motion will take place before the Oil Conservation Commission on **Wednesday, April 16, 2008**, at 9:00 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing Northstar will have an opportunity to oppose the motion. **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.**

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

Very truly yours,

Gail MacQuesten by tds

Gail MacQuesten
Assistant General Counsel

Encl: Motion in Case 13920

Before the OCC
Case 13920
Northstar Oil & Gas
OCD Ex. No. 1-A



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

2008 JAN 30 AM 11 17

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.

Motion to Re-Open Case No. 13920

Northstar Oil & Gas

Page 1 of 4

4. 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

Motion to Re-Open Case No. 13920.

Northstar Oil & Gas

Page 2 of 4

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 3 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

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 jamesbruce@aol.com

this _____ day of January 2008.

Gail MacQueen
OCD Attorney

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:

James Bruce
Post Office Box 1056
Santa Fe, NM 87504

2. Article Number (Copy from service label)

7005 3110 0002 2085 0332

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

James Bruce

4/1/08

C. Signature

James Bruce

 Agent
 Addressee

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**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:

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

2. Article Number (Copy from service label)

7005 3110 0002 2085 0349

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

JOHN C. COZZA

3-24-08

C. Signature

John C. Cozza

 Agent
 Addressee

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

Ad No. 59778

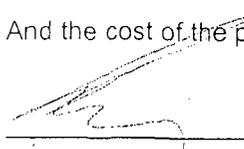
STATE OF NEW MEXICO
County of San Juan:

COPY OF PUBLICATION

BOB WALLER, being duly sworn says: That he 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 web site on the following day(s):

Thursday, February 21, 2008

And the cost of the publication is \$110.41


ON 2/29/08 BOB WALLER appeared before me, whom I know personally to be the person who signed the above document.


My Commission Expires Nov. 10, 2008

STATE OF NEW MEXICO
ENERGY, 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 **March 13, 2008**, 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 **March 3, 2008**. 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.

CASE 13920: (re-opened and re-advertised)
Application of the New Mexico Oil Conservation Division for a Compliance Order against Northstar Oil & Gas. The Oil Conservation Commission will hear the Division's motion to re-open Case 13920 to clarify the responsibilities of the Division and Northstar under the terms of Order R-12779-A. 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 18th day of February, 2008.

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

SEAL

Legal No. 59778 published in The Daily Times, Farmington, New Mexico on Thursday February 21, 2008.

Before the OCC
Case 13920
Northstar Oil & Gas
OCD Ex. No. 1-B