

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

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST ORBIT PETROLEUM, INC. FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.7.24 NMAC, 19.15.8.9 NMAC AND 19.15.25.8 NMAC, REQUIRING OPERATOR TO PROPERLY PLUG AND ABANDON ALL ITS WELLS BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, ROOSEVELT AND LEA COUNTIES, NEW MEXICO.

CASE NO. 14312

PRE-HEARING STATEMENT OF THE OIL CONSERVATION DIVISION

The Oil Conservation Division (OCD) submits this entry of appearance and pre-hearing statement pursuant to 19.15.4.13(B) NMAC.

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451
FAX: 476-3462
E-mail: gail.macquesten@state.nm.us

RESPONDENT

Orbit Petroleum, Inc.
1131 E. Britton Rod.
Oklahoma City, OK 73131

RESPONDENT'S ATTORNEY

No entry of appearance filed at this time.

Casa de Search
Registered Agent for Orbit Petroleum, Inc.
9 Carlton Road
Santa Fe, NM 87505

STATEMENT OF CASE

Orbit Petroleum, Inc. (Orbit) is the operator of record for eight wells in New Mexico. The records of the Public Regulation Commission show Orbit as an active corporation. Orbit is, however, in Chapter 11 bankruptcy.

The OCD is asking for an order requiring Orbit to plug and abandon all its wells, or transfer all its wells to another operator, by a date certain. This request is made pursuant to NMSA 1978, Section 70-2-13(B), based on Orbit's history of non-compliance with OCD rules, including 19.15.7.24 NMAC (production reporting), 19.15.8.9 (financial assurances) and 19.15.25 NMAC (inactive wells). The OCD also asks that the order authorize the OCD to plug and abandon Orbit's wells and forfeit the applicable financial assurances (if permitted by the bankruptcy court) if Orbit fails to transfer or plug the wells by the deadline set in the order.

OCD'S PROPOSED EVIDENCE


WITNESS: Dorothy Phillips, OCD Financial Assurance Administrator
ESTIMATED TIME: Testimony by affidavit

Witness: Daniel Sanchez, OCD Compliance and Enforcement Manager
ESTIMATED TIME: 10 minutes, if pre-filed written testimony is accepted; otherwise 1 and 1/2 hours

PROCEDURAL MATTERS


1. The OCD intends to offer the testimony of Dorothy Phillips by affidavit. It requests notice if testimony by affidavit will not be allowed, so that Ms. Phillips can be made available for hearing.
2. The OCD will offer the pre-filed written testimony of Daniel Sanchez. A copy of the testimony, and the exhibits referenced in the testimony, are attached to this pre-hearing statement. Mr. Sanchez will appear at the hearing to summarize his testimony, introduce the exhibits, and adopt the pre-filed written testimony under oath. He will be available for cross-examination, and the respondent will have the opportunity to object to portions of his testimony, and to the introduction of exhibits referenced in his testimony. If the OCD is not allowed to introduce Mr. Sanchez' pre-filed written testimony, it will proceed with his live testimony. The time estimate for the hearing will need to be adjusted accordingly. The OCD may offer testimony and evidence through Mr. Sanchez in addition to the testimony and exhibits provided with this pre-hearing statement.

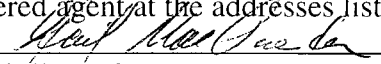
Respectfully submitted
this 4th day of May 2009 by


Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

 I hereby certify that a copy of the foregoing pleading was mailed by first class mail this 4th day of May 2009 to Orbit and its registered agent at the addresses listed above.


Gail MacQuesten

Archer #001, 30-041-20787, K-17-07S-34E
Archer #002, 30-042-20798, L-17-07S-34E
Brown 51 #001, 30-025-07061, D-19-09S-38E
Brown 51 #002, 30-025-21703, F-19-09S-38E
Line State #001, 30-041-20451, 2-16-08S-38E
Sieber #001, 30-041-20791, C-17-07S-34E
State BA #001, 30-041-10003, A-34-07S-35E
State BA #002, 30-041-20048, H-34-07S-35E

NMSA 1978, Section 70-2-14(B) provides, in relevant part, "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."

In Case 14312, the OCD is asking for an order requiring Orbit to plug and abandon all its wells, or transfer all its wells to another operator, by a date certain. This request is made pursuant to NMSA 1978, Section 70-2-14(B), based on Orbit's history of non-compliance with OCD rules. The OCD also asks that the order authorize the OCD to plug and abandon Orbit's wells and forfeit the applicable financial assurances (if permitted by the bankruptcy court) if Orbit fails to transfer or plug the wells by the deadline set in the order.

Violation of 19.15.7.24 NMAC (production reporting requirements):

Rule 19.15.7.24 NMAC requires operators to file a monthly production report for each non-plugged well completion for which the division has approved a form C-104.

OCD Exhibit 5 is a printout of summary screens for the last 24 monthly production reports filed by Orbit. These summary screens are taken from OCD's website and are used by the OCD, operators and the general public to check monthly filings by operators. Exhibit 5 shows that Orbit last filed reports in 2007. I have reviewed the well files for the wells operated by Orbit, and can confirm that Orbit has operated wells with approved C-104's from 2007 to the

present. **OCD Exhibit 6** is an example: a C-104 for the Brown 51 #1 well, which has been in effect since 1998.

Violation of 19.15.8.9 NMAC (financial assurance requirements):

Rule 19.15.8.9 NMAC requires operators to post financial assurances for wells on privately owned or state owned lands in New Mexico that have not been plugged and released, conditioned that the well will be plugged and abandoned and the location restored and remediated in compliance with OCD rules.

Effective January 1, 2008, the operator of a state or fee well that has been inactive for a period of more than two years must post a one-well financial assurance for the well, even if the well is also covered by a blanket financial assurance. See Rule 19.15.8.9.C NMAC.

Also effective January 1, 2008, the amounts required under Rule 19.15.8.9.D NMAC for single well financial assurances increased. The current amount required for a well in Roosevelt and Lea Counties, where Orbit's wells are located, is \$5,000 plus \$1 per foot of measured depth. See 19.15.8.9.D(2) NMAC.

The financial assurances posted by Orbit for the wells it operates are identified in the affidavit of Dorothy Phillips, and copies of the financial assurances are attached as exhibits to Ms. Phillips' affidavit.

Orbit has posted two cash blanket bonds: one for \$50,000 and one for \$40,000. Orbit has not posted any single well financial assurances for its state and fee wells that have been inactive for more than two years. Because Orbit is in Chapter 11 bankruptcy, it is unclear whether the OCD will be able to forfeit the two cash bonds. **OCD Exhibit 7** is a copy of the Notice of Chapter 11 Bankruptcy Case.

OCD Exhibit 8 is a copy of the Inactive Well Additional Financial Assurance Report for Orbit, taken from the OCD's website. The OCD posts the Inactive Well Additional Financial Assurance Report to help operators check their compliance with the new single well financial assurance requirements. The report lists each well for which the operator is the operator of record, and provides information from the OCD's databases about that well that will help the operator determine if additional financial assurances are due.

The column marked "Last Prod/Inj" gives the date of the last reported production or injection for the well. The column marked "Inactive Additional Bond Due" will tell the operator which wells are subject to the single well financial assurance requirements. If there is a date in that column, it means that the well is a state or fee well that has reported production at some time. (If a state or fee well is listed that has never reported production, the computer does not assume that the well requires a single well financial assurance. It is possible that the listing indicates that a permit to drill was issued at some point in the past, but the well was not drilled.) The date in the column is simply a date two years from the last reported date of production or injection – the date a single well financial assurance will be required if the well does not report any additional production or injection. In Orbit's case, six wells have dates in the "Inactive Additional Bond Due" column, and all have been inactive for more than two years. The "Measured Depth" column lists the measured depth of the well, as reported by the operator, which is used to calculate the amount of the single well financial assurance required. The "Required Bond Amount" column shows the amount of the single well financial assurance required, based on the depth and location of the well. A "Y" in the "Bond Required Now" column means that the well should be covered by a single well financial assurance now. If a financial assurance in the correct amount has been posted by the operator, that amount will

appear in the "Bond in Place" column. If the operator has not posted a single well financial assurance for the well, or if the operator has posted a single well financial assurance that is less than the required amount, a "0" will appear. Finally, a "Y" in the "In Violation" column indicates that the operator is in violation of the single well financial assurance requirements as to that well.

According to OCD Exhibit 8, Orbit has six wells that currently require a single well financial assurance, and Orbit is in violation of the single well financial assurance requirements on all six of the wells. All six of the wells are located in either Roosevelt or Lea County, so each requires a single well financial assurance in the amount of \$5,000 plus \$1 per foot of measured depth.

Violation of 19.15.25 NMAC (inactive well requirements):

Rule 19.15.25.8 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.

Rule 19.15.25.10.D NMAC provides that, as soon as practical, but not later than one year after the completion of plugging operations, the operator shall level the location, remove deadmen and other junk, and take other measures necessary or required by the OCD to restore the location to a safe and clean condition. In addition, the operator is required to close all pits and below-grade tanks. See 19.15.25.10.E NMAC.

Rule 19.15.25.11 NMAC provides that within 30 days after completing all restoration work the operator shall file with the OCD a record of the work done. The OCD shall not approve the record of plugging or release a bond until the operator has filed the necessary reports and the OCD has inspected and approved the location.

OCD Exhibit 8, the Inactive Well Additional Financial Assurance Report, also identifies the last reported production or injection for Orbit's wells.

All of the wells operated by Orbit have been inactive for a continuous period in excess of one year plus 90 days, and are neither plugged and abandoned in accord with 19.15.25.10 NMAC nor on approved temporary abandonment status in accord with 19.15.25.13 NMAC.

Rule 19.15.8.13 NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.25.8 NMAC and restore and remediate the location by a date certain.

NMSA 1978, Section 70-2-12(B)(18) and NMSA 1978, Section 70-2-38 authorize the OCD to plug and abandon wells, and restore and remediate the location of abandoned wells.

History of compliance actions by the OCD against Orbit:

Case 13373, Order R-12250

On December 16, 2004, the OCD issued Order R-12250 in Case No. 13373 requiring Orbit to return 5 wells to compliance with the inactive well rule. A copy of the order is attached as **OCD Exhibit 9**. Two of the wells covered by the order were the State BA #001 and #002. Orbit did not return those wells to compliance, and the State of New Mexico has plugged the wellbores of those wells. **OCD Exhibit 10** is a copy of the invoice, showing the cost to the state of \$61,238.52.

ACOI 81

In August 2005, the OCD entered into an inactive well agreed compliance order with Orbit. A copy of the order with its amendments is attached as **OCD Exhibit 11**. The wells covered by the order include six of the wells at issue in this case (the two other wells at issue in

150 this case were already subject to plugging order R-12250). The order required Orbit to return the
151 wells to compliance at a rate of 3 wells per month.

152 Orbit was not able to keep up with the agreed schedule, and additional wells fell out of
153 compliance with the inactive well rule. In addition, Orbit fell behind in its reporting. When
154 ACOI 81 expired, Orbit requested a new agreed compliance order for its inactive wells. The
155 OCD met with Orbit, and told Orbit that it would not enter into a new order until Orbit became
156 current in its reporting. Orbit filed its delinquent reports. At that time, the OCD offered to enter
157 into a new order, and drafted a new agreed compliance order to replace ACOI 81. Orbit did not
158 respond to the OCD's offer, and after several months the OCD withdrew its offer.

159 Rule 40 (now 19.15.5.9 NMAC)

160 In 2008, Orbit applied to become the operator of record for wells formerly operated by
161 Tipton Oil & Gas Acquisitions, Inc. At that time, Orbit operated 92 wells, and 51 of those wells
162 appeared on the inactive well list, indicating a presumption that those wells were in violation of
163 the inactive well rule. In addition, Orbit was out of compliance with the single well financial
164 assurance requirements on six wells. Orbit was therefore out of compliance with Rule 40 (now
165 renumbered at 19.15.5.9 NMAC).

166 If an operator is out of compliance with Rule 40, the OCD may deny transfers of wells to
167 that operator under Rule 100.E(3) (now renumbered at 19.15.9.9.C NMAC). The OCD denied
168 the transfer by letter dated February 5, 2008. **OCD Exhibit 12** is a copy of that letter. The letter
169 also describes the history of the OCD's efforts to obtain compliance from Orbit.

170 Bankruptcy Case

171 Orbit filed for Chapter 11 bankruptcy.

172 In May 2008, Orbit transferred operation of most of its wells to Ridgeway Arizona Oil
173 Corp., leaving only the 8 wells identified in this case under Orbit. **OCD Exhibit 13** is a copy of
174 the change of operator documentation.


175 A new company, Vista Resources, Inc., has expressed interest in acquiring wells formerly
176 operated by Orbit or Orbit-related entities. Vista does not, however, intend to acquire the 8 wells
177 at issue in this case. **OCD Exhibit 14** is a copy of an e-mail from Vista, in which it takes the
178 position that the 8 wells are not included in Orbit's bankruptcy assets.

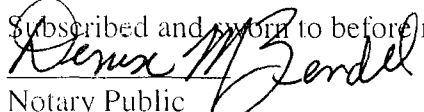
179 **Requested Relief:**

180 The OCD requests an order finding Orbit in violation of the OCD's rules requiring
181 monthly production reports, inactive wells, and financial assurances, requiring Orbit to plug and
182 abandon all the wells it operates by a date certain, and authorizing the OCD to plug and abandon
183 the wells and forfeit the applicable financial assurances if Orbit fails to meet the deadline set in
184 the order.

185 Such an order would require Orbit to plug and abandon its wells or transfer them to
186 another operator. The goal of this proceeding is to prevent Orbit from operating wells in New
187 Mexico. This relief is sought because of Orbit's history of non-compliance, and because all of
188 the OCD's other efforts to obtain compliance from Orbit have failed.

189 I, Daniel Sanchez, swear that the foregoing is true and correct.

190 
191 Daniel Sanchez
192 Compliance and Enforcement Manager
193 Oil Conservation Division
194

195 Subscribed and sworn to before me this 4th day of May 2009 by Daniel Sanchez.
196 
197 Notary Public
198

199 My commission expires:

200 01-09-2012

Well List

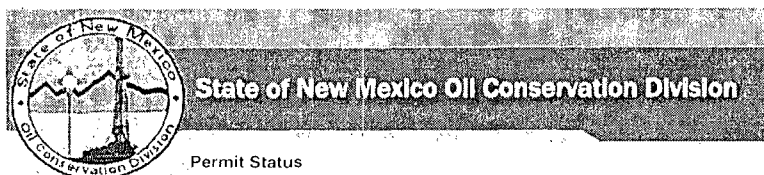
227083 ORBIT PETROLEUM, INC.

TOTAL WELL COUNT:8

PRINTED ON:THURSDAY, APRIL 30, 2009

Property	Well Name	Lease Type	ULSTR	OCD UL	API	Well Type	Pool	Last Prod/Inj	Oil POD	Gas POD	In Add. Bond
33822	ARCHER #001	P	K-17-07S-34E	K	30-041-20787	O	12049 CHAVEROO;SAN ANDRES	10/2003	490710	490730	11/1/2005
	ARCHER #002	P	L-17-07S-34E	L	30-041-20798	O	12049 CHAVEROO;SAN ANDRES	10/2003	490710	490730	11/1/2005
33666	BROWN S1 #001	F	D-19-09S-38E	D	30-025-07061	O	55480 SAWYER;SAN ANDRES (ASSOC)	6/2001	2021310	2021330	
	BROWN S1 #002	F	F-19-09S-38E	F	30-025-21703	O	55480 SAWYER;SAN ANDRES (ASSOC)	6/2001	2021310	2021330	
33780	LINE STATE #001	S	2-16-08S-38E	G	30-041-20451	O	6880 BLUITT;SAN ANDRES (ASSOCIATED)	9/2003	2021510	2021530	10/1/2005
33826	SIEBER #001	P	C-17-07S-34E	C	30-041-20791	O	12049 CHAVEROO;SAN ANDRES	3/2006	490810	490830	4/1/2008
33783	STATE BA #001	S	A-34-07S-35E	A	30-041-10003	O		5/1997			6/1/1999
	STATE BA #002	S	H-34-07S-35E	H	30-041-20048	G		4/1997			5/1/1999

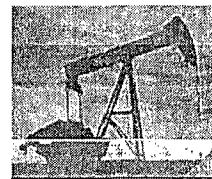
*Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 4*



OCD Rules

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**Operator Data**

- Permit Status
- Well List
- Inactive Well List
- Financial Assurance
- C-115 Reports

You have not signed-in
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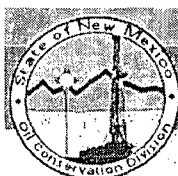
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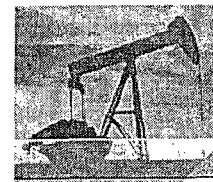
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View	63100	C115	ORBIT PETROLEUM, INC. [227083] 05/2007	APPROVED	10/22/2007	
View	63103	C115	ORBIT PETROLEUM, INC. [227083] 06/2007	APPROVED	10/22/2007	
View	63104	C115	ORBIT PETROLEUM, INC. [227083] 07/2007	APPROVED	10/22/2007	
View	63105	C115	ORBIT PETROLEUM, INC. [227083] 08/2007	APPROVED	10/22/2007	
View	63106	C115	ORBIT PETROLEUM, INC. [227083] 09/2007	APPROVED	10/22/2007	
View	53158	C115	ORBIT PETROLEUM, INC. [227083] 03/2007	APPROVED	5/9/2007	
View	52187	C115	ORBIT PETROLEUM, INC. [227083] 02/2007	APPROVED	4/23/2007	
1 2 3 4 5 6 7 8						

*Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 5*



State of New Mexico Oil Conservation Division

Permit Status

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Operator Data

- [Permit Status](#)
- [Well List](#)
- [Inactive Well List](#)
- [Financial Assurance](#)
- [C-115 Reports](#)

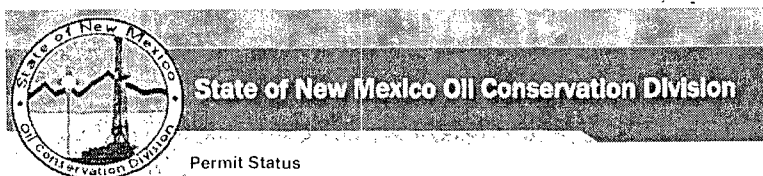
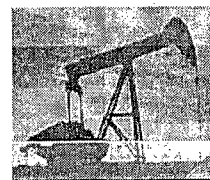
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Permit Status

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View	49521	C115	ORBIT PETROLEUM, INC. [227083] 12/2006	APPROVED	3/22/2007	
View	49520	C115	ORBIT PETROLEUM, INC. [227083] 11/2006	APPROVED	3/22/2007	
View	49433	C115	ORBIT PETROLEUM, INC. [227083] 01/2007	APPROVED	3/21/2007	
View	49425	C115	ORBIT PETROLEUM, INC. [227083] 12/2006	APPROVED	3/21/2007	
View	49422	C115	ORBIT PETROLEUM, INC. [227083] 11/2006	APPROVED	3/21/2007	
View	49223	C115	ORBIT PETROLEUM, INC. [227083] 06/2006	APPROVED	3/21/2007	
View	49251	C115	ORBIT PETROLEUM, INC. [227083] 10/2006	APPROVED	3/20/2007	
1	2	3	4	5	6	7 8

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Permit Status

Operator Data

- [Permit Status](#)
- [Well List](#)
- [Inactive Well List](#)
- [Financial Assurance](#)
- [C-115 Reports](#)

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Permit Status

This option shows all electronic permits for the criteria selected. You may sequence the results by clicking on the blue underscored column headers.

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View	49239	C115	ORBIT PETROLEUM, INC. [227083] 08/2006	APPROVED	3/20/2007	
View	49236	C115	ORBIT PETROLEUM, INC. [227083] 07/2006	APPROVED	3/20/2007	
View	49225	C115	ORBIT PETROLEUM, INC. [227083] 06/2006	APPROVED	3/20/2007	
View	49223	C115	ORBIT PETROLEUM, INC. [227083] 05/2006	APPROVED	3/20/2007	
View	49159	C115	ORBIT PETROLEUM, INC. [227083] 04/2006	APPROVED	3/19/2007	
View	43648	C115	ORBIT PETROLEUM, INC. [227083] 10/2006	APPROVED	12/19/2006	
View	41762	C115	ORBIT PETROLEUM, INC. [227083] 09/2006	APPROVED	11/16/2006	
1 2 3 4 5 6 7 8						

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
811 South 1st, Artesia NM 88210

District III
1000 Rio Bravo Rd, Aztec, NM 87401

District IV
2040 South Pacheco, Santa Fe NM 87505

State Of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505

Form C-104
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

1. Operator name and Address ORBIT ENTERPRISES, INC c/o OIL REPORTS & GAS SERVICES, INC. P. O. BOX 755 HOBBS, NEW MEXICO 88241		2. OGRID Number 016530
3. Reason for Filing Code Correct Pool Code, Effective 07/97 Back on Prod. Request for Gas POD		
4. API Number 30-025-07061	5. Pool Name SAWYER SAN ANDRES (ASSOC.)	6. Pool Code 55480
7. Property Code 008532	8. Property Name BROWN 51	9. Well Number #1

II. 10. Surface Location

UT or lot no.	Section	Township	Range	Lot, Idn.	Feet from the	North/South Line	Feet from the	East/West Line	County
D	19	09S	38E		660	North	585	West	LEA

11. Bottom Hole Location

UT or lot no.	Section	Township	Range	Lot, Idn.	Feet from the	North/South Line	Feet from the	East/West Line	County
D	19	09S	38E		660	North	585	West	LEA

12. Log Code F	13. Preexisting Material Code P	14. Gas Concentration Date 02/27/98	15. C-129 Permit Number	16. C-129 Release Date	17. C-129 Suspension Date
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III. Oil and Gas Transporters

18. Transporter OGRID	19. Transporter Name and Address	20. POD	21. O/G	22. POD ULSTR Location and Description
0 0 7 4 4 0	EOTT ENERGY P. O. BOX 4666 HOUSTON, TX 77210-4466	2 0 2 1 3 1 0	O	F-19-09S-38E
0 2 4 6 5 0	WARREN PETROLEUM CO. 1000 LOUISIANA, SUITE 5800 HOUSTON, TX 77002-5050	2 8 2 1 1 4 5	G	F-19-09S-38E

IV. Produced Water

23. POD	24. POD ULSTR Location and Description
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V. Well Completion Data

25. Spud Date	26. Ready Date	27. TD	28. PBTD	29. Perforations	30. DHC, DCMC
31. Hole Size	32. Casing & Tubing Size	33. Depth Set	34. Back Cement		

VI. Well Test Data

35. Date New Oil	36. Gas Delivery Date	37. Test Date	38. Test Length	39. Tbg. Pressure	40. Csg. Pressure
41. Choke Size	42. Oil	43. Water	44. Gas	45. ACF	46. Test Method

I hereby certify that the rules of Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Gaye Heard</i>		OIL CONSERVATION DIVISION Approved by: <i>ORIGINAL SIGNATURE OF WILLIAM S. BISHOP</i> Title: <i>DEPUTY SUPERVISOR</i>	
Printed Name: GAYE HEARD		Approval Date: SEP 01 1998	
Title: MANAGER			
Date: 05/28/98	Phone: (505) 393-2727		
47. If this is a change of operator fill in the OGRID number and name of the previous operator			
Previous Operator Signature	Printed Name	Title	Date

Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 6

UNITED STATES BANKRUPTCY COURT

District of New Mexico

Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines

A chapter 11 bankruptcy case concerning the debtor Corporation listed below was filed on 2/13/08.

You may be a creditor of the debtor. **This notice lists important deadlines.** You may want to consult an attorney to protect your rights. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below.

NOTE: The staff of the bankruptcy clerk's office cannot give legal advice.

See Reverse Side For Important Explanations

Debtor(s) (name(s) used by the debtor(s) in the last 8 years, including married, maiden, trade, and address):

Orbit Petroleum, Inc.
 fdba Tipton Oil and Gas Acquisitions
 fdba Tipton Enterprises, Inc.
 fdba Gilbert Lease Services
 fdba Black Rock Transportation
Check case docket for additional aliases
 1131 East Britton Rd.
 Oklahoma City, OK 73131

Case Number:

08-10408-11

Taxpayer ID/Employer ID/Other Nos.:

20-1538403

Attorney for Debtor(s) (name and address):

Daniel J Behles
 226-A Cynthia Loop NW
 Albuquerque, NM 87114-1100
 Telephone number: 505-217-2764

Meeting of Creditors

Date: March 13, 2008

Time: 11:00 AM

Location: Creditors' Meeting Room, Federal Building and U.S. Courthouse, 500 Gold Ave SW, Room 12411, Albuquerque, NM 87102

Deadlines to File a Proof of Claim

Proof of claim must be received by the bankruptcy clerk's office by the following deadline:

Notice of deadline will be sent at a later time.

Creditor with a Foreign Address:

A creditor to whom this notice is sent at a foreign address should read the information under "Claims" on the reverse side.

Deadline to File a Complaint to Determine Dischargeability of Certain Debts: 5/12/08

Creditors May Not Take Certain Actions:

In most instances, the filing of the bankruptcy case automatically stays certain collection and other actions against the debtor and the debtor's property. Under certain circumstances, the stay may be limited to 30 days or not exist at all, although the debtor can request the court to extend or impose a stay. If you attempt to collect a debt or take other action in violation of the Bankruptcy Code, you may be penalized. Consult a lawyer to determine your rights in this case.

Address of the Bankruptcy Clerk's Office:

Dennis Chavez Federal Building and United States Courthouse
 500 Gold Avenue SW, 10th Floor
 PO Box 546
 Albuquerque, NM 87103-0546
 Telephone number: 505-348-2500/866-291-6805
www.nmccourt.fed.us

For the Court:

Clerk of the Bankruptcy Court:
 Norman H. Meyer

Hours Open: Monday - Friday 8:30 AM - 4:30 PM

Date: 2/15/08

EXPLANATIONS

FORM B9F (Official Form 9F) (12/07)

Filing of Chapter 11 Bankruptcy Case	A bankruptcy case under Chapter 11 of the Bankruptcy Code (title 11, United States Code) has been filed in this court by or against the debtor(s) listed on the front side, and an order for relief has been entered. Chapter 11 allows a debtor to reorganize or liquidate pursuant to a plan. A plan is not effective unless confirmed by the court. You may be sent a copy of the plan and a disclosure statement telling you about the plan, and you might have the opportunity to vote on the plan. You will be sent notice of the date of the confirmation hearing, and you may object to confirmation of the plan and attend the confirmation hearing. Unless a trustee is serving, the debtor will remain in possession of the debtor's property and may continue to operate any business.
Legal Advice	The staff of the bankruptcy clerk's office cannot give legal advice. Consult a lawyer to determine your rights in this case.
Creditors Generally May Not Take Certain Actions	Prohibited collection actions are listed in Bankruptcy Code § 362. Common examples of prohibited actions include contacting the debtor by telephone, mail or otherwise to demand repayment; taking actions to collect money or obtain property from the debtor; repossessing the debtor's property; and starting or continuing lawsuits or foreclosures. Under certain circumstances, the stay may be limited to 30 days or not exist at all, although the debtor can request the court to extend or impose a stay.
Meeting of Creditors	A meeting of creditors is scheduled for the date, time and location listed on the front side. <i>The debtor's representative must be present at the meeting to be questioned under oath by the trustee and by creditors.</i> Creditors are welcome to attend, but are not required to do so. The meeting may be continued and concluded at a later date without further notice. The court, after notice and a hearing, may order that the United States trustee not convene the meeting if the debtor has filed a plan for which the debtor solicited acceptances before filing the case.
Claims	A Proof of Claim is a signed statement describing a creditor's claim. If a Proof of Claim form is not included with this notice, you can obtain one at any bankruptcy clerk's office. You may look at the schedules that have been or will be filed at the bankruptcy clerk's office. If your claim is scheduled and is not listed as disputed, contingent, or unliquidated, it will be allowed in the amount scheduled unless you filed a Proof of Claim or you are sent further notice about the claim. Whether or not your claim is scheduled, you are permitted to file a Proof of Claim. If your claim is not listed at all or if your claim is listed as disputed, contingent, or unliquidated, then you must file a Proof of Claim or you might not be paid any money on your claim and may be unable to vote on the plan. The court has not yet set a deadline to file a Proof of Claim. If a deadline is set, you will be sent another notice. A secured creditor retains rights in its collateral regardless of whether that creditor files a Proof of Claim. Filing a Proof of Claim submits the creditor to the jurisdiction of the bankruptcy court, with consequences a lawyer can explain. For example, a secured creditor who files a Proof of Claim may surrender important nonmonetary rights, including the right to a jury trial. Filing Deadline for a Creditor with a Foreign Address: The deadlines for filing claims set forth on the front of this notice if any, apply to all creditors. If this notice has been mailed to a creditor at a foreign address, the creditor may file a motion requesting the court to extend the deadline.
Discharge of Debts	Confirmation of a chapter 11 plan may result in a discharge of debts, which may include all or part of your debt. See Bankruptcy Code § 1141(d). A discharge means that you may never try to collect the debt from the debtor, except as provided in the plan. If you believe that a debt owed to you is not dischargeable under Bankruptcy Code § 1141(d)(5)(A), you must start a lawsuit by filing a complaint in the bankruptcy clerk's office by the "Deadline to File a Complaint to Determine Dischargeability of Certain Debts" listed on the front side. The bankruptcy clerk's office must receive the complaint and any required filing fee by that Deadline.
Bankruptcy Clerk's Office	Any paper that you file in this bankruptcy case should be filed at the bankruptcy clerk's office at the address listed on the front side. If you are an attorney, you are required to file papers electronically. You may inspect all papers filed, including the list of the debtor's property and debts and the list of the property claimed as exempt, at the bankruptcy clerk's office.
Creditor with a Foreign Address	Consult a lawyer familiar with United States bankruptcy law if you have any questions regarding your rights in this case.
— Refer to Other Side for Important Deadlines and Notices —	

Inactive Well Additional Financial Assurance Report

227083 ORBIT PETROLEUM, INC.

Total Well Count: 8

Printed On: Thursday, April 30 2009

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Bond In Place	In Violation
33822	ARCHER #001	P	K-17-07S-34E	K	30-041-20787	O	10/2003	11/01/2005	4350	9350	Y	0	Y
	ARCHER #002	P	L-17-07S-34E	L	30-041-20798	O	10/2003	11/01/2005	4325	9325	Y	0	Y
33666	BROWN S1 #001	F	D-19-09S-38E	D	30-025-07061	O	06/2001		5011			0	
	BROWN S1 #002	F	F-19-09S-38E	F	30-025-21703	O	06/2001		5021			0	
33780	LINE STATE #001	S	2-16-08S-38E	G	30-041-20451	O	09/2003	10/01/2005	4910	9910	Y	0	Y
33826	SIEBER #001	P	C-17-07S-34E	C	30-041-20791	O	03/2006	04/01/2008	4360	9360	Y	0	Y
33783	STATE BA #001	S	A-34-07S-35E	A	30-041-10003	O	05/1997	06/01/1999	4438	9438	Y	0	Y
	STATE BA #002	S	H-34-07S-35E	H	30-041-20048	G	04/1997	05/01/1999	4338	9338	Y	0	Y

WHERE Ogrid:227083

Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 8

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. 13373
ORDER NO. R-12250

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR
AN ORDER DETERMINING THAT ORBIT ENERGY INC. KNOWINGLY AND
WILLFULLY VIOLATED 19.15.4.201 NMAC; REQUIRING ORBIT ENERGY
INC. TO BRING FIVE WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC;
ASSESSING APPROPRIATE CIVIL PENALTIES; AND IN THE EVENT OF
NON-COMPLIANCE, AUTHORIZING THE DIVISION TO PLUG SAID WELLS
AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCES; ROOSEVELT
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came for hearing at 8:15 a.m. on December 16, 2004, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 16th day of December, 2004, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Oil Conservation Division ("Division") has jurisdiction of this case and its subject matter.

(2) Orbit Energy Inc. ("Orbit") is the current operator of the following wells, all located in Roosevelt County, New Mexico ("subject wells"):

Farrell Federal #010,	API 30-041-10446, F-28-7S-33E
James McFarland #004,	API 30-041-10567, L-20-7S-33E
Humble Federal #005,	API 30-041-20116, B-26-7S-32E
State BA #001,	API 30-041-10003, A-34-7S-35E
State BA #002,	API 30-041-20048, H-34-7S-35E

*Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 9*

(3) The New Mexico Oil Conservation Division ("Division") seeks an order determining that Orbit knowingly and willfully violated 19.15.4.201 NMAC, imposing a civil penalty for that violation, and requiring Orbit to bring the subject wells into compliance with 19.15.4.201 NMAC by a date certain, either by: (i) restoring these wells to production, injection or other Division-approved beneficial use; (ii) causing these wells to be properly plugged and abandoned in accordance with 19.15.4.202 NMAC; or (iii) securing Division authority to maintain these wells in temporary abandonment status in accordance with 19.15.4.203 NMAC. The Division also seeks authority to forfeit the applicable financial assurances and plug and abandon the subject wells if Orbit fails to comply with the compliance deadline set by the order.

(4) In accordance with the provisions of 19.15.14.1207 NMAC, notice of this application was provided to Orbit; however, no one representing Orbit appeared at the hearing.

(5) The evidence presented by the Division demonstrates that.

- a. Orbit is the operator of record for the five subject wells.
- b. The five subject wells have been inactive for a period in excess of one year plus 90 days.
- c. The five subject wells have not been plugged and abandoned pursuant to 19.15.4.202 NMAC.
- d. The five subject wells have not been placed on temporary abandonment status pursuant to 19.15.4.203 NMAC.
- e. On January 17, 2003, the Division entered Order No. R-11887 to "Orbit Enterprises, Inc.," the prior operator of the five subject wells, requiring it to plug and abandon the State BA Well No. 1 and the State BA Well No. 2.
- f. On June 13, 2003, before Orbit acquired the subject wells from "Orbit Enterprises, Inc.," a Division deputy inspector met with a representative of Orbit, advised him that the State BA Well No. 1 and the State BA Well No. 2 were out of compliance with 19.15.4.201 NMAC, and provided Orbit with plugging procedures for those two wells.

- g. At the June 13, 2003 meeting with the Division deputy inspector, the Orbit representative assured the deputy inspector that the State BA Well No. 1 and the State BA well No. 2 would be plugged in a month or two.
- h. When Orbit acquired the subject wells in April 2004 it was put on notice that each of the five subject wells was out of compliance with 19.15.4.201 NMAC, and Orbit was required to post additional bonding for each of the five subject wells.
- i. By letter dated August 26, 2004, the Division again notified Orbit that the Farrell Federal #010, the James McFarland #004 and the Humble Federal #005 were out of compliance with 19.15.4.201 NMAC.
- j. Orbit's obligation to plug and abandon the subject wells is secured with two cash bonds: cash bond No. 772 in the amount of \$50,000 and cash bond No. 773 in the amount of \$40,000.

(6) Orbit has knowingly and willfully violated 19.15.4.201 NMAC by failing, after a period of inactivity exceeding one year plus ninety days, to plug and abandon the subject wells, place them on temporary abandonment status, or return them to a Division-approved beneficial use.

(7) The subject wells should be brought into compliance with 19.15.4.201 NMAC on or before January 30, 2005.

(8) Should Orbit not meet this January 30, 2005 compliance deadline, the Division Director should then be authorized to take such action as is deemed necessary to forfeit the applicable financial assurances, properly plug and abandon the subject wells, and recover from the operator additional costs the Division may incur to properly plug and abandon these wells.

IT IS THEREFORE ORDERED THAT:

(1) Orbit Energy Inc. is assessed a civil penalty of \$5,000 for its knowing and willful failure to comply with 19.15.4.201 NMAC.

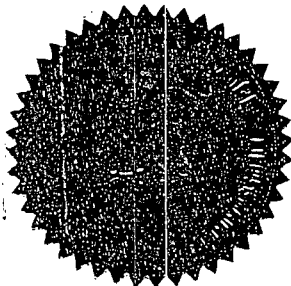
(2) Orbit Energy Inc. is required to bring the following wells, located in Roosevelt County, New Mexico, into compliance with 19.15.4.201 NMAC on or before January 30, 2005:

Farrell Federal #010,	API 30-041-10446, F-28-7S-33E
James McFarland #004,	API 30-041-10567, L-20-7S-33E
Humble Federal #005,	API 30-041-20116, B-26-7S-32E
State BA #001,	API 30-041-10003, A-34-7S-35E
State BA #002,	API 30-041-20048, H-34-7S-35E

(3) Should Orbit Energy Inc. fail or refuse to bring each of the subject wells into compliance with 19.15.4.201 NMAC on or before January 30, 2005, the Division shall then take such actions as are necessary to: (i) immediately forfeit the cash bonds posted for the subject wells and deposit the proceeds in the Oil and Gas Reclamation Fund; (ii) plug and abandon the subject wells in accordance with 19.15.4.202 NMAC; and (iii) recover from Orbit Energy Inc. additional costs the Division may incur to properly plug and abandon the wells and remediate the sites.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

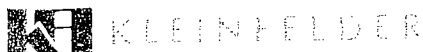
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director

INVOICE

Terms: net 30 days
Penalty charge on past due amount 1.5% per month APR



2006 JUL 27 PM 2 21

Remit To: Kleinfelder, Inc.
P. O. Box 51958
Los Angeles CA 90051-6258

Ben Stone
New Mexico Oil Conservation Div
1220 South St. Francis Drive
Santa Fe NM 87505

Telephone No: 505-476-3474
Invoice Date: 25-JUL-06
Invoice No: 341871
Client No: 20361
Contract No:
Project No: 64360
Bill Thru Date: 23-Jul-06

Total Due This Invoice: \$62,762.08

Project Name: NMOCD Orbit

PO# 06-199-000634; Contract # 408050918283

Top Task Name: Well Plugging
Subtask Description: Well Plugging

Task Budget:

Task Percent Complete 100%
Less Previously Billed

Amount Due This Task

Sub-Total All Tasks:

Tax:

Total Amount Due This Invoice:

Amount

\$64,290.00
=====
\$64,290.00
\$5,565.25

\$58,724.75
=====
\$58,724.75

\$4,037.33

\$62,762.08
=====

\$61,238.52

J.E. to pay.
[Signature]

Please include the above invoice number on your payment.
For questions concerning this invoice, please contact
Robert E Wilcox at our Albuquerque office: (505)344-7373

Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 10

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

NMOCD - ACO -05 81

IN THE MATTER OF *Orbit Petroleum, Inc*
720 W. Wilshire Blvd
Suite 115
Oklahoma City, Oklahoma 73116

Respondent.

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), the Director of the Oil Conservation Division ("OCD") and *Orbit Petroleum, Inc* ("Operator") enter into this Order under which Operator agrees that the wells identified herein shall be brought into compliance with the Act and OCD Rule 201 [19.15.4.201 NMAC] in accordance with the following agreed schedule and procedures, and agrees to pay penalties as set out below if it fails to meet the schedule set out in this Order:

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act, and rules and orders adopted pursuant to the Act.
2. Operator is a corporation doing business in the state of New Mexico.
3. Operator is the operator of record for the wells identified in Exhibit "A," attached, under OGRID 227083
4. The wells identified in Exhibit "A":
 - (a) have been continuously inactive for a period of one year plus ninety days;
 - (b) are not properly plugged and abandoned under OCD Rule 202 [19.15.4.202 NMAC]; and
 - (c) have not been placed on temporary abandonment status under OCD Rule 203 [19.15.4.203 NMAC].
5. OCD Rule 201 [19.15.4.201 NMAC] states, in relevant part:

"A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof.

Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 11

B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

....

....

(3) a period of one (1) year in which a well has been continuously inactive.”

6. NMSA 1978, Section 70-2-31(A) authorizes the assessment of civil penalties of up to one thousand dollars per day per violation against any person who knowingly or willfully violates any provision of the Oil and Gas Act or any rule or order adopted pursuant to the Act.
7. OCD Rule 7.P (2) [19.15.1.7.P (2) NMAC] defines “person” as
“an individual or any other entity including partnerships, corporation, associations, responsible business or association agents or officers, the state or a political subdivision of the state or any agency, department or instrumentality of the United States and any of its officers, agents or employees.”

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. As operator of the wells identified in Exhibit “A,” Operator is responsible for bringing those wells into compliance with Rule 201.
3. Operator is a “person” as defined by OCD Rule 7.P(2) subject to civil penalties for knowing and willful violations of the Oil and Gas Act or rules or orders adopted pursuant to the Act.

ORDER

1. Operator is hereby directed to bring each of the wells identified in Exhibit “A” into compliance with OCD Rule 201 by either:
 - (a) restoring such well to production or other OCD-approved beneficial use by February 28, 2007
 - (b) causing the wellbore to be plugged in accordance with OCD Rule 202 by February 28, 2007, and causing the site to be remediated in accordance with OCD Rule 202 within one year of plugging the wellbore; or
 - (c) securing OCD approval for temporary abandonment of the well in accordance with OCD Rule 203 by February 28, 2007.

2. Operator shall, beginning with the month of September 2005, plug, temporarily abandon or restore to production or other approved beneficial use a minimum of 3 of the wells identified in Exhibit "A" per calendar month. If more than 3 wells are plugged, temporarily abandoned or restored to production or other approved beneficial use during any month, the wells in excess of the number agreed to herein shall be credited to Operator's obligation hereunder for succeeding months, provided that all of the wells identified in Exhibit "A" shall be plugged, temporarily abandoned or restored to production or other approved beneficial use by February 28, 2007 according to the following schedule (hereinafter "schedule"):

<u>Date:</u>	<u>Number of Wells from Exhibit "A"</u>	
	<u>Per Month</u>	<u>Total</u>
September 30, 2005	3	3
October 31, 2005	3	6
November 30, 2005	3	9
December 31, 2005	3	12
January 31, 2006	3	15
February 28, 2006	3	18
March 31, 2006	3	21
April 30, 2006	3	24
May 31, 2006	3	27
June 30, 2006	3	30
July 31, 2006	3	33
August 31, 2006	3	36
September 30, 2006	3	39
October 31, 2006	3	42
November 30, 2006	3	45
December 31, 2006	3	48
January 31, 2007	3	51
February 28, 2007	3	54

3. A well shall be considered "plugged" for purposes of the schedule set out in paragraph 2, above, when the Operator has plugged the wellbore in accordance with Rule 202.A and B (1) and (2), and filed a sundry notice with the appropriate district office notifying them that the wellbore has been plugged. The wellsite must be remediated in accordance with Rule 202.B(3) within one year of plugging the wellbore. Upon completion of the remediation, the Operator must contact the appropriate district office to arrange for an inspection of the well and location.
4. A well shall be considered "temporarily abandoned" for purposes of the schedule set out in paragraph 2, above, when the well has successfully passed the mechanical integrity test required by Rule 203 and the Operator has filed the request for temporary abandonment with the appropriate district office.

5. A well shall be considered "restored to production or other approved beneficial use" for purposes of the schedule set out in Paragraph 2, above, when actual production or other approved beneficial use has commenced.
6. Operator shall file a written compliance report with the appropriate district office, and send a copy to the OCD's attorney, by the 10th day of each month starting with October 2005, listing the wells identified in Exhibit "A" that it has plugged, temporarily abandoned or restored to production or other approved beneficial use. For each well listed, the Operator shall identify whether that well was plugged, temporarily abandoned or restored to production or other approved beneficial use, and the date that work was completed. Operator shall file monthly compliance reports until all wells identified in Exhibit "A" have been plugged, temporarily abandoned or restored to production or other approved beneficial use. If, at any time, the OCD determines that a well identified in the Operator's compliance report is not plugged, temporarily abandoned or restored to production or other approved beneficial use according to the definitions set out in this agreement, the OCD shall promptly notify the Operator, and those wells shall not be credited toward the Operator's obligations under this Order until they are plugged, temporarily abandoned or restored to production or other approved beneficial use as defined in this agreement.
7. If, at the end of any month, the total number of wells the Operator has plugged, temporarily abandoned or restored to production or other beneficial use is less than the number required under the schedule, Operator shall have a one-month grace period in which to become current. If, at the end of that one-month grace period, Operator has not become current under the schedule, Operator shall pay a penalty of \$1000 times the number of wells it is short of the total required for the current month. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the appropriate district office with the next month's report. Penalties are calculated, and payable, each month.

Example A: ABC Company's agreed compliance order requires it to plug, temporarily abandon or restore to production or other approved beneficial use a minimum of 6 wells each month. ABC Company meets or exceeds its obligations in months 1-4. The agreed schedule calls for a total of 30 wells to be plugged, temporarily abandoned or restored to production or other approved beneficial use by the end of month 5. But at the end of month 5, ABC Company is two wells behind schedule. ABC Company will have a one-month grace period in which to become current. At the end of month 6, however, ABC Company has plugged, temporarily abandoned or restored to production or other approved beneficial use a total of 35 wells: one well short of the 36 required by the schedule. ABC Company must pay a penalty of \$1000 when it files its report for month 6. At the end of month 7, ABC Company is 4 wells short of the 42 required by the schedule. ABC Company must pay a penalty of \$4000 when it files its report for month 7.

Example B: XYZ Company's agreed compliance order requires it to plug, temporarily abandon or restore to production or other approved beneficial use a minimum of 5 wells each month. XYZ Company files compliance reports each month indicating that it is meeting its agreed schedule. In month 3, the OCD inspects the site of one of the wells listed as "plugged" in XYZ Company's compliance report for month 1, and determines that the wellbore has not been properly plugged under Rule 202.B(2) because the marker has not been placed on the site. Because the well has not been properly "plugged" as defined by this agreement, it will not count towards fulfilling XYZ Company's obligations under the schedule. XYZ Company will be responsible for calculating, and paying, any additional penalties that apply.

8. If Operator fails to plug, temporarily abandon or restore to production or other approved beneficial use all the wells identified in Exhibit "A" by February 28, 2007, Operator shall pay a penalty of \$2000 per well for each full month the well remains out of compliance with this order after that date. No grace period applies. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the appropriate district office with the next month's report. Penalties are calculated, and payable, each month.
9. In the event Operator encounters unanticipated circumstances (including, but not limited to inclement weather, or shortages of labor or equipment), which, in the reasonable opinion of the Operator, are likely to significantly disrupt or suspend the schedule of operations set forth in Ordering Paragraph (2) above, then Operator shall have the right to notify the OCD in writing of such circumstances and request an amendment to this Order. Such notification ("notice") shall:
 - (a) reasonably describe the unanticipated circumstances encountered by Operator;
 - (b) identify those wells on Exhibit "A" affected or expected to be affected by such unanticipated circumstances; and
 - (c) set forth a revised schedule, which, in the reasonable and prudent opinion of the Operator, is necessary to plug, temporarily abandon or restore to production or other approved use those wells on Exhibit "A" affected or expected to be affected by such unanticipated circumstances.

Within ten (10) days of receipt of this notice, the OCD shall either (A) approve a written amendment to this Order incorporating the revised schedule submitted by Operator, or (B) notify Operator that the revised schedule is not acceptable, but in such event promptly agree to meet with Operator at the OCD district office and negotiate in good faith in an attempt to reach a reasonable resolution of the situation. If the Operator and the OCD are unable to agree to amend this Order,

the Operator may apply for a hearing before an OCD examiner and request an amendment to the Order revising the schedule. The Operator may also request that the examiner waive penalties accrued pursuant to this Order after the filing of the Notice as to those wells identified in the Notice.

Operator and the OCD each recognize that the purpose of this provision is to address unanticipated circumstances which the Operator, acting in good faith and as a reasonably prudent operator, could not reasonably expect to remedy under the thirty (30) day grace provision described in Ordering Paragraph (7) above.

10. For each plugged well, if the Operator fails to remediate the site and request inspection by the appropriate district office within one year of plugging the wellbore, the Operator shall pay a penalty of \$1000 for each full month that the well remains out of compliance with the remediation requirements of Rule 202.B(3). No grace period applies. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the appropriate district office. Penalties are calculated, and payable, each month.
11. By signing this Order, Operator expressly:
 - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - (b) agrees to plug, temporarily abandon or restore to production or other approved beneficial use the wells identified in Exhibit "A" under the schedule set out in Ordering Paragraph (2) or an amended schedule issued pursuant to Ordering Paragraph (9) above, and remediate plugged wells within one year of plugging the wellbore as set out in Ordering Paragraph (3);
 - (c) agrees to file monthly compliance reports as required in Ordering Paragraph (6);
 - (d) agrees to pay penalties as set out in Ordering Paragraphs (7), (8) and (9) if it fails to meet the schedule set out in Ordering Paragraph (2) or an amended schedule issued pursuant to Ordering Paragraph (9) above, or the remediation requirements set out in Ordering Paragraph (3);
 - (e) waives, subject to the provisions of Ordering Paragraph (9) above, any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order;
 - (f) agrees that the Order and amendments to the Order issued pursuant to Paragraph (9) above may be enforced by Division or Oil Conservation Commission Order, by suit or otherwise to the same extent and with the same effect as a final Order of the Division or Oil Conservation Commission entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act; and

- (g) agrees that if it fails to pay penalties assessed pursuant to this Order, upon application by the Division the district court may enter judgment against Operator in the amount of the penalties assessed and the district court may, in its discretion, impose additional penalties against the Operator for violating the payment terms of this Order.
12. If the Operator complies with the terms of this Order and any amendments to the Order issued pursuant to Paragraph (9) above, the Division will not seek penalties beyond those applicable under the terms of this Order or any amendments to this Order for Operator's failure to bring the wells identified in Exhibit "A" into compliance with Rule 201 prior to the deadlines set by this Order.
13. This Order applies only to those wells identified in Exhibit "A." Other wells operated by Operator out of compliance with Rule 201 may be subject to immediate enforcement action under the Oil and Gas Act.

Done at Santa Fe, New Mexico this 29th day of Aug, 2005

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division

ACCEPTANCE

Orbit Petroleum Inc. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

Orbit Petroleum, Inc.

By: 

Jim Frazier

Title: President

Date: 8-23-2005

Well name and number	API#	Date last prod/inj
1 Archer # 1	3004120787	Oct-03
2 Archer # 2	3004120798	Oct-03
3 Brown 51 # 1	3002507061	Jun-01
4 Brown 51 # 2	3002521073	Jun-01
5 Chaveroo A State # 1	3004110633	Jul-03
6 Chaveroo A State # 2	3004110668	Jul-03
7 Chaveroo B # 1	3004110666	Jan-04
8 Chaveroo B # 2	3004110669	Jan-04
9 Farrell Federal # 1	3004110125	"July03"
10 Farrell Federal # 2	3004110212	"July03"
11 Farrell Federal # 3	3004110252	"July03"
12 Farrell Federal # 4	3004110253	"July03"
13 Farrell Federal # 5	3004110240	"July03"
14 Farrell Federal # 6	3004110411	"July03"
15 Farrell Federal # 7	3004110423	"July03"
16 Farrell Federal # 8	3004110440	"July03"
17 Farrell Federal # 9	3004110441	"July03"
18 Farrell Federal # 11	3004110459	"July03"
19 Farrell Federal # 12	3004110460	"July03"
20 Farrell Federal # 13	3004110431	"July03"
21 Farrell Federal # 14	3004110432	"July03"
22 Farrell Federal # 15	3004110433	"July03"
23 Farrell Federal # 16	3004110434	"July03"
24 Farrell Federal # 17	3004120693	"July03"
25 Farrell Federal # 18	3004120694	"July03"
26 Farrell Federal # 20	3004120696	"July03"
27 Farrell Federal # 21	3004120689	"July03"
28 Farrell Federal # 23	3004120698	"July03"
29 Farrell Federal # 24	3004120699	"July03"
30 Hefflefinger # 1	3004120709	Jun-03
31 Hefflefinger # 2	3004120710	Jun-03
32 Hondo State # 1	3004110454	Oct-03
33 James McFarland A # 1	3004110403	"July03"
34 James McFarland A # 2	3004110447	"July03"
35 James McFarland A # 3	3004110484	"July03"
36 James McFarland A # 4	3004110492	"July03"
37 James McFarland # 1	3004110474	"June03"
38 James McFarland # 2	3004110407	"June03"
39 James McFarland # 3	3004110567	"June03"
40 Line State # 1	3004120451	Sep-03
41 Partin 35 # 1	3004120139	Jun-03
42 Shell Cone Partin # 1	3004120215	Oct-03
43 Shell Cone Partin # 2	3004120247	Oct-03
44 Seiber # 1	3004120791	Oct-03
45 Tucker # 1	3004120141	Oct-03
46 Tucker # 2	3004120145	Oct-03
47 Tucker Hall # 1	3004120152	"July03"
48 Tucker Hall # 2	3004120160	"July03"
49 Tucker Hall # 3	3004120162	"July03"
50 Tucker Hall # 4	3004120166	"July03"
51 Tucker Hall # 5	3004120167	"July03"
52 Tucker Hall # 6	3004120759	"July03"
53 Tucker Hall # 7	3004120760	"July03"
54 Tucker Hall # 8	3004120761	"July03"

Date

BY

Title

8/23/2005
Jim Frazee for Orbit Petroleum, Inc
President

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

NMOCD - ACOI 81-A

IN THE MATTER OF ORBIT PETROLEUM, INC.,

Respondent.

AMENDMENT TO AGREED COMPLIANCE ORDER ACOI-81

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), the Director of the Oil Conservation Division ("OCD") and Orbit Petroleum, Inc. ("Operator") hereby enter into this agreement to amend inactive well agreed compliance order 81 ("ACOI-81") to correct the following errors in the well descriptions in Exhibit "A:"

1. Replace Brown 51 #2, API 30-025-21073 with Brown 51 #2, API 30-025-21703.
2. Replace James McFarland #3, API 30-041-10567 with James McFarland #3, API 30-041-10483.

In all other respects ACOI-81 remains in full force and effect.

Done at Santa Fe, New Mexico this 31st day of August, 2006

By: [Signature]
Mark Fesmire, P.E.
Director, Oil Conservation Division

ACCEPTANCE

Orbit Petroleum, Inc. hereby accepts the foregoing Amendment to Agreed Compliance Order ACOI-81.

Orbit Petroleum, Inc.

By: [Signature]
Title: President
Date: 8-31-2006

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

NMOCD – ACOI 81-B

IN THE MATTER OF ORBIT PETROLEUM, INC.,

Respondent.

SECOND AMENDMENT
TO AGREED COMPLIANCE ORDER ACOI-81

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), the Director of the Oil Conservation Division ("OCD") and Orbit Petroleum, Inc. ("Operator") hereby enter into this second amendment to agreed compliance order 81 ("ACOI-81") as previously amended by agreed compliance order 81-A ("ACOI 81-A") to add the following wells to Exhibit A:

- | | |
|-----------------------|--------------|
| • Federal A #001 | 30-041-20107 |
| • Federal A #002 | 30-041-20112 |
| • Federal A #003 | 30-041-20154 |
| • Humble Federal #001 | 30-041-20109 |
| • Humble Federal #008 | 30-041-20119 |

In all other respects ACOI-81 as amended by ACOI 81-A remains in full force and effect.

Done at Santa Fe, New Mexico this 26th day of Oct, 2006

By: _____

Mark Fesmire, P.E.

Director, Oil Conservation Division

ACCEPTANCE

Orbit Petroleum, Inc. hereby accepts the foregoing second amendment to ACOI 81.

Orbit Petroleum, Inc.

By: _____

Title: _____

Date: _____

Jim Frazier
President

10.19.2006



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 5, 2008

Jim Frazier
Orbit Petroleum, Inc.
1131 E. Britton Rd.
Oklahoma City, OK 73131

Fax: 405-607-4256
e-mail: jfrazier@orbitpetro.com

**DENIAL OF APPLICATION FOR CHANGE OF OPERATOR DUE TO NON-
COMPLIANCE WITH RULES 40.A(1) & 40.A(4)**

Re: Orbit Petroleum, Inc., OGRID 227083
Transfer from Tipton Oil & Gas Acquisitions, Inc, OGRID 211128

Dear Operator,

Rule 100.E(3) [19.15.3.100.E(3) NMAC] provides that the Director of the Oil Conservation Division ("OCD") or his designee may deny an application for a change of operator if the new operator is not in compliance with Rule 40.A [19.15.1.40.A NMAC].

An operator who operates between 4 and 100 wells is out of compliance with Rule 40.A(4) if it has more than 2 wells on the inactive well list kept pursuant to Rule 40.F [19.15.1.40.F NMAC]. In considering whether to deny the application, Rule 102.C requires the Director or his designee to consider the number of wells not in compliance, the length of time the wells have been out of compliance and the operator's efforts to bring the wells into compliance.

Your company, Orbit Petroleum, Inc. ("Orbit") operates 92 wells, and 51 of those wells appear on the inactive well list kept pursuant to Rule 40.F.¹ Your Company is therefore out of compliance with Rule 40.A(4). Although most of the wells on the list have been inactive for less than four years, some of the wells have been inactive since 2001 and 2003. The OCD has made repeated attempts to bring Orbit into compliance. The OCD brought plugging case 13373 against Orbit in 2004, obtaining an order on five wells. The OCD re-opened the case in 2006 in an attempt to obtain compliance with the plugging order. The OCD then entered into inactive well agreed compliance order 81 (ACOI 81) with Orbit covering over 50 wells. The OCD

¹ Current Inactive Well data is available through the OCD website at www.emnrd.state.nm.us/oed by clicking first on "OCD Online," then selecting "E-Permitting" from the main window, and finally selecting "Inactive Well List" from the list on the left side of the screen. An Inactive Well List is obtained by entering an Operator name or OGRID and selecting "Get Report."

amended that order to include additional non-compliant wells so that Orbit could obtain allowables under Rule 40. ACOI 81 expired in 2005 without Orbit returning to compliance. The OCD told Orbit at that time that it would not enter into a new order until Orbit came current in its reporting. Orbit brought its reporting current, and the OCD drafted a new agreed compliance order. Orbit never signed the order, and the OCD withdrew its offer. Orbit has again fallen behind in its reporting.

In addition, an operator who does not meet the financial assurance requirements of Rule 101 [19.15.3.101 NMAC] is out of compliance with Rule 40.A(1). Your company has not provided the single well financial assurances required by Rule 101.B for 6 state or fee wells, which have been inactive for more than two years.² Your Company is therefore also out of compliance with Rule 40.A(1).

AFTER REVIEWING THE FACTS REGARDING YOUR COMPANY'S INACTIVE WELLS AND THE FINANCIAL ASSURANCE REPORT FOR YOUR COMPANY, DANIEL SANCHEZ, THE OCD ENFORCEMENT & COMPLIANCE MANAGER AND THE DIRECTOR'S DESIGNEE, HAS DETERMINED TO DENY ORBIT'S APPLICATION FOR CHANGE OF OPERATOR.

You may re-submit the application after your company has returned to compliance with Rule 40.A.

To come into compliance with Rule 40.A(4) your company must reduce the number of wells on the Rule 40.F inactive well list to no more than 2. A well will be removed from the inactive well list when the operator takes one of the following actions:

- 1) plugs the wellbore and files an approved C-103 reporting the plugging;
- 2) places the well on approved temporary abandonment status;
- 3) returns the well to production or other beneficial use and files a C-115 reporting that production or use; or
- 4) enters into an Agreed Compliance Order with the OCD covering the well.

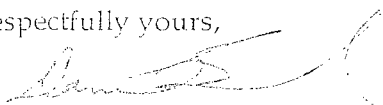
An Agreed Compliance Order sets a schedule for returning the operator's inactive wells to compliance and imposes a penalty if the schedule is not met. Please note that the OCD will not enter into inactive well agreed compliance orders with operators who are out of compliance with the financial assurance requirements or the reporting requirements. If you would like to discuss entering into an Agreed Compliance Order for your non-compliant wells, please contact OCD attorney Sonny Swazo at (505) 476-3463.³

² Financial Assurance data is available through the OCD website at www.emnrd.state.nm.us/oed by clicking first on "OCD Online," then selecting "E-Permitting" from the main window, and finally selecting "Financial Assurance" from the list on the left side of the screen. A financial assurance report is obtained by entering an Operator name or OGRID and selecting "Get Report." The Report lists all wells operated by the specified operator, and identifies non-compliant wells (wells in need of additional single-well financial assurance) with a "y" in the far right column.

³ Please note that Agreed Compliance Orders are offered at the discretion of the OCD, and that not all Operators are eligible to enter into such agreements.

To come into compliance with Rule 40.A(1), your company must provide the single well financial assurances required by Rule 101.B. If you have questions about financial assurances, please contact Financial Assurance Administrator Dorothy Phillips at (505) 476-3461.

Respectfully yours,



Daniel Sanchez, Enforcement & Compliance Manager

Encl: Inactive well list for Orbit
Financial assurance list for Orbit

EC: Mark Fesmire, Division Director-Santa Fe
Mikal Altomare, Legal Counsel-Santa Fe
Sonny Swazo, Legal Counsel-Santa Fe
Theresa Duran-Saenz, Legal Assistant-Santa Fe

Inactive Well List

Total Well Count: 92 Inactive Well Count: 51 Since: 11/11/2006

Printed On: Monday, February 04 2008

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-041-20347	ALLIE PARTIN ET AL #002	O-35-07S-32E	O	227083	ORBIT PETROLEUM, INC.	P	O	03/2006			
1	30-041-20787	ARCHER #001	K-17-07S-34E	K	227083	ORBIT PETROLEUM, INC.	P	O	10/2003			
1	30-041-20798	ARCHER #002	L-17-07S-34E	L	227083	ORBIT PETROLEUM, INC.	P	O	10/2003			
1	30-025-07061	BROWN S1 #001	D-19-09S-38E	D	227083	ORBIT PETROLEUM, INC.	F	O	06/2001			
1	30-025-21703	BROWN S1 #002	F-19-09S-38E	F	227083	ORBIT PETROLEUM, INC.	F	O	06/2001			
1	30-041-10633	CHAVEROO A STATE #001	4-31-07S-33E	M	227083	ORBIT PETROLEUM, INC.	S	O	05/2006			
1	30-041-10668	CHAVEROO A STATE #002	3-31-07S-33E	L	227083	ORBIT PETROLEUM, INC.	S	O	07/2006			
1	30-041-10666	CHAVEROO B #001	K-31-07S-33E	K	227083	ORBIT PETROLEUM, INC.	S	O	07/2006	SAN ANDRES		
1	30-041-10669	CHAVEROO B #002	I-31-07S-33E	I	227083	ORBIT PETROLEUM, INC.	S	O	06/2006	SAN ANDRES		
1	30-041-10125	FARRELL FEDERAL #001	M-28-07S-33E	M	227083	ORBIT PETROLEUM, INC.	F	O	07/2006	SAN ANDRES		
1	30-041-10212	FARRELL FEDERAL #002	L-28-07S-33E	L	227083	ORBIT PETROLEUM, INC.	F	O	07/2003	SAN ANDRES		
1	30-041-10252	FARRELL FEDERAL #003	N-28-07S-33E	N	227083	ORBIT PETROLEUM, INC.	F	O	07/2003	SAN ANDRES		
1	30-041-10253	FARRELL FEDERAL #004	O-28-07S-33E	O	227083	ORBIT PETROLEUM, INC.	F	O	07/2006			
1	30-041-10240	FARRELL FEDERAL #005	K-28-07S-33E	K	227083	ORBIT PETROLEUM, INC.	F	O	07/2003			
1	30-041-10411	FARRELL FEDERAL #006	P-28-07S-33E	P	227083	ORBIT PETROLEUM, INC.	F	O	07/2006	SAN ANDRES		
1	30-041-10423	FARRELL FEDERAL #007	J-28-07S-33E	J	227083	ORBIT PETROLEUM, INC.	F	O	07/2003	SAN ANDRES		
1	30-041-10440	FARRELL FEDERAL #008	E-28-07S-33E	E	227083	ORBIT PETROLEUM, INC.	F	O	07/2003			
1	30-041-10441	FARRELL FEDERAL #009	I-28-07S-33E	I	227083	ORBIT PETROLEUM, INC.	F	O	07/2003	SAN ANDRES		
1	30-041-10459	FARRELL FEDERAL #011	H-28-07S-33E	H	227083	ORBIT PETROLEUM, INC.	F	O	07/2003			
1	30-041-10460	FARRELL FEDERAL #012	G-28-07S-33E	G	227083	ORBIT PETROLEUM, INC.	F	O	07/2003	SAN ANDRES		
1	30-041-10431	FARRELL FEDERAL #013	D-28-07S-33E	D	227083	ORBIT PETROLEUM, INC.	F	O	07/2006	SAN ANDRES		
1	30-041-10432	FARRELL FEDERAL #014	C-28-07S-33E	C	227083	ORBIT PETROLEUM, INC.	F	O	07/2006			
1	30-041-10433	FARRELL FEDERAL #015	B-28-07S-33E	B	227083	ORBIT PETROLEUM, INC.	F	O	07/2006	SAN ANDRES		
1	30-041-10434	FARRELL FEDERAL #016	A-28-07S-33E	A	227083	ORBIT PETROLEUM, INC.	F	O	07/2006	SAN ANDRES		
1	30-041-20693	FARRELL FEDERAL #017	A-28-07S-33E	A	227083	ORBIT PETROLEUM, INC.	F	O	07/2006			
1	30-041-20694	FARRELL FEDERAL #018	B-28-07S-33E	B	227083	ORBIT PETROLEUM, INC.	F	O	07/2006	SAN ANDRES		
1	30-041-20696	FARRELL FEDERAL #020	E-28-07S-33E	E	227083	ORBIT PETROLEUM, INC.	F	O	07/2006	SAN ANDRES		
1	30-041-20689	FARRELL FEDERAL #021	I-28-07S-33E	I	227083	ORBIT PETROLEUM, INC.	F	O	07/2006	SAN ANDRES		
1	30-041-20698	FARRELL FEDERAL #023	M-28-07S-33E	M	227083	ORBIT PETROLEUM, INC.	F	O	07/2006			
1	30-041-20699	FARRELL FEDERAL #024	N-28-07S-33E	N	227083	ORBIT PETROLEUM, INC.	F	O	07/2006			
1	30-041-20143	FEDERAL 19 #001	O-19-07S-33E	O	227083	ORBIT PETROLEUM, INC.	F	O	03/2006			
1	30-041-10236	FEDERAL 19 #002	P-19-07S-33E	P	227083	ORBIT PETROLEUM, INC.	F	O	03/2006			
1	30-041-20107	FEDERAL A #001	O-24-07S-32E	O	227083	ORBIT PETROLEUM, INC.	F	O	01/2005			

1	30-041-20112	FEDERAL A #002	P-24-07S-32E	P	227083	ORBIT PETROLEUM, INC.	F	O	01/2005	
1	30-041-20154	FEDERAL A #003	J-24-07S-32E	J	227083	ORBIT PETROLEUM, INC.	F	O	10/2004	
1	30-041-20709	HEFFLEFINGER #001	C-35-07S-32E	C	227083	ORBIT PETROLEUM, INC.	P	O	07/2006	SAN ANDRES
1	30-041-10454	HONDO STATE #001	A-31-07S-33E	A	227083	ORBIT PETROLEUM, INC.	S	O	10/2003	
1	30-041-20058	HUMBLE TUCKER #001	N-25-07S-32E	N	227083	ORBIT PETROLEUM, INC.	P	O	03/2006	SAN ANDRES
1	30-041-20095	HUMBLE TUCKER #003	L-25-07S-32E	L	227083	ORBIT PETROLEUM, INC.	P	O	03/2006	SAN ANDRES
1	30-041-20451	LINE STATE #001	Z-16-08S-38E	G	227083	ORBIT PETROLEUM, INC.	S	O	09/2003	
1	30-041-20215	SHELL CONE PARTIN #001	J-35-07S-32E	J	227083	ORBIT PETROLEUM, INC.	P	O	05/2006	SAN ANDRES
1	30-041-20247	SHELL CONE PARTIN #002	I-35-07S-32E	I	227083	ORBIT PETROLEUM, INC.	P	O	05/2006	SAN ANDRES
1	30-041-20791	SIEBER #001	C-17-07S-34E	C	227083	ORBIT PETROLEUM, INC.	P	O	03/2006	
1	30-041-10580	STATE CVB #001	P-31-07S-33E	P	227083	ORBIT PETROLEUM, INC.	S	O	03/2006	
1	30-041-10604	STATE CVB #002	O-31-07S-33E	O	227083	ORBIT PETROLEUM, INC.	S	O	03/2006	
1	30-041-10623	STATE CVB #003	J-31-07S-33E	J	227083	ORBIT PETROLEUM, INC.	S	O	03/2006	
1	30-041-20141	TUCKER #001	L-24-07S-32E	L	227083	ORBIT PETROLEUM, INC.	P	O	07/2006	SAN ANDRES
1	30-041-20152	TUCKER HALL #001	C-25-07S-32E	O	227083	ORBIT PETROLEUM, INC.	P	O	07/2006	SAN ANDRES
1	30-041-20160	TUCKER HALL #002	J-25-07S-32E	J	227083	ORBIT PETROLEUM, INC.	P	O	07/2006	SAN ANDRES
1	30-041-20759	TUCKER HALL #006	H-25-07S-32E	H	227083	ORBIT PETROLEUM, INC.	P	O	07/2006	
1	30-041-20760	TUCKER HALL #007	I-25-07S-32E	I	227083	ORBIT PETROLEUM, INC.	P	O	07/2003	SAN ANDRES

WHERE Ogrid:227083, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Inactive Well Additional Financial Assurance Report

227083 ORBIT PETROLEUM, INC.

Total Well Count: 92

Printed On: Monday, February 04 2008

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Bond In Place	In Violation
33821	ALLIE PARTIN ET AL #001	P	P-35-07S-32E	P	30-041-20344	O	03/2007	04/01/2009	4400	9400		0	
	ALLIE PARTIN ET AL #002	P	O-35-07S-32E	O	30-041-20347	O	03/2006	04/01/2008	4372	9372		0	
33665	ANDERSON STATE #001	S	O-36-07S-32E	O	30-041-20024	O	06/2007	07/01/2009	4355	9355		0	
	ANDERSON STATE #002	S	J-36-07S-32E	J	30-041-20035	O	06/2007	07/01/2009	4306	9306		0	
	ANDERSON STATE #003	S	M-36-07S-32E	M	30-041-20042	O	06/2007	07/01/2009	4319	9319		0	
	ANDERSON STATE #004	S	G-36-07S-32E	G	30-041-20043	O	06/2007	07/01/2009	4308	9308		0	
	ANDERSON STATE #005	S	H-36-07S-32E	H	30-041-20046	O	06/2007	07/01/2009	4472	9472		0	
	ANDERSON STATE #007	S	C-36-07S-32E	C	30-041-20051	O	06/2007	07/01/2009	4350	9350		0	
	ANDERSON STATE #008	S	B-36-07S-32E	B	30-041-20052	O	06/2007	07/01/2009	4309	9309		0	
	ANDERSON STATE #009	S	A-36-07S-32E	A	30-041-20084	O	06/2007	07/01/2009	4480	9480		0	
33822	ARCHER #001	P	K-17-07S-34E	K	30-041-20787	O	10/2003	11/01/2005	4350	9350	Y	0	Y
	ARCHER #002	P	L-17-07S-34E	L	30-041-20798	O	10/2003	11/01/2005	4325	9325	Y	0	Y
33666	BROWN 51 #001	F	D-19-09S-38E	D	30-025-07061	O	06/2001		5011			0	
	BROWN 51 #002	F	F-19-09S-38E	F	30-025-21703	O	06/2001		5021			0	
33667	CHAVEROO A STATE #001	S	4-31-07S-33E	M	30-041-10633	O	05/2006	06/01/2008	4338	9338		0	
	CHAVEROO A STATE #002	S	3-31-07S-33E	L	30-041-10668	O	07/2006	08/01/2008	4349	9349		0	
33668	CHAVEROO B #001	S	K-31-07S-33E	K	30-041-10666	O	07/2006	08/01/2008	4336	9336		0	
	CHAVEROO B #002	S	J-31-07S-33E	I	30-041-10669	O	06/2006	07/01/2008	4325	9325		0	
33669	CWS #001	S	K-36-07S-32E	K	30-041-20090	O	03/2007	04/01/2009	4460	9460		0	
	CWS #002	S	N-36-07S-32E	N	30-041-20091	O	03/2007	04/01/2009	4459	9459		0	
33670	FARRELL FEDERAL #001	F	M-28-07S-33E	M	30-041-10125	O	07/2006		4411			0	
	FARRELL FEDERAL #002	F	L-28-07S-33E	L	30-041-10212	O	07/2003		4470			0	
	FARRELL FEDERAL #003	F	N-28-07S-33E	N	30-041-10252	O	07/2003		4474			0	
	FARRELL FEDERAL #004	F	O-28-07S-33E	O	30-041-10253	O	07/2006		4455			0	
	FARRELL FEDERAL #005	F	K-28-07S-33E	K	30-041-10240	O	07/2003		4454			0	
	FARRELL FEDERAL #006	F	P-28-07S-33E	P	30-041-10411	O	07/2006		4462			0	
	FARRELL FEDERAL #007	F	J-28-07S-33E	J	30-041-10423	O	07/2003		4460			0	
	FARRELL FEDERAL #008	F	E-28-07S-33E	E	30-041-10440	O	07/2003		4450			0	
	FARRELL FEDERAL #009	F	I-28-07S-33E	I	30-041-10441	O	07/2003		4460			0	
	FARRELL FEDERAL #011	F	H-28-07S-33E	H	30-041-10459	O	07/2003		4446			0	
	FARRELL FEDERAL #012	F	G-28-07S-33E	G	30-041-10460	O	07/2003		4454			0	
	FARRELL FEDERAL #013	F	D-28-07S-33E	D	30-041-10431	O	07/2006		4448			0	
	FARRELL FEDERAL #014	F	C-28-07S-33E	C	30-041-10432	O	07/2006		4460			0	
	FARRELL FEDERAL #015	F	B-28-07S-33E	B	30-041-10433	O	07/2006		4452			0	
	FARRELL FEDERAL #016	F	A-28-07S-33E	A	30-041-10434	O	07/2006		4442			0	
	FARRELL FEDERAL #017	F	A-28-07S-33E	A	30-041-20693	O	07/2006		4527			0	
	FARRELL FEDERAL #018	F	B-28-07S-33E	B	30-041-20694	O	07/2006		4500			0	
	FARRELL FEDERAL #020	F	E-28-07S-33E	E	30-041-20696	O	07/2006		4500			0	
	FARRELL FEDERAL #021	F	I-28-07S-33E	I	30-041-20689	O	07/2006		4500			0	
	FARRELL FEDERAL #023	F	M-28-07S-33E	M	30-041-20698	O	07/2006		4503			0	
	FARRELL FEDERAL #024	F	N-28-07S-33E	N	30-041-20699	O	07/2006		4501			0	
33671	FEDERAL 19 #001	F	O-19-07S-33E	O	30-041-20143	O	03/2006		4370			0	
	FEDERAL 19 #002	F	P-19-07S-33E	P	30-041-10236	O	03/2006		4675			0	
33672	FEDERAL A #001	F	O-24-07S-32E	O	30-041-20107	O	01/2005		4430			0	
	FEDERAL A #002	F	P-24-07S-32E	P	30-041-20112	O	01/2005		4430			0	
	FEDERAL A #003	F	J-24-07S-32E	J	30-041-20154	O	10/2004		4430			0	
33823	HEFFLEFINGER #001	P	C-35-07S-32E	C	30-041-20709	O	07/2006	08/01/2008	4400	9400		0	
	HEFFLEFINGER #002	P	D-35-07S-32E	D	30-041-20710	O	03/2007	04/01/2009	4400	9400		0	
33824	HONDO STATE #001	S	A-31-07S-33E	A	30-041-10454	O	10/2003	11/01/2005	4444	9444	Y	0	Y
33673	HUMBLE FEDERAL #001	F	F-25-07S-32E	F	30-041-20109	O	06/2007		4500			0	
	HUMBLE FEDERAL #002	F	E-25-07S-32E	E	30-041-20113	O	06/2007		4500			0	
	HUMBLE FEDERAL #007	F	D-25-07S-32E	D	30-041-20118	O	06/2007		4500			0	
	HUMBLE FEDERAL #008	F	C-25-07S-32E	C	30-041-20119	O	06/2007		4500			0	
33674	HUMBLE TUCKER #001	P	N-25-07S-32E	N	30-041-20058	O	03/2006	04/01/2008	4400	9400		0	
	HUMBLE TUCKER #002	P	K-25-07S-32E	K	30-041-20059	O	03/2007	04/01/2009	4350	9350		0	
	HUMBLE TUCKER #003	P	L-25-07S-32E	L	30-041-20095	O	03/2006	04/01/2008	4500	9500		0	
	HUMBLE TUCKER #004	P	M-25-07S-32E	M	30-041-20096	O	02/2007	03/01/2009	4500	9500		0	
33778	JAMES MCFARLAND A #001	P	O-20-07S-33E	O	30-041-10403	O	04/2007	05/01/2009	4430	9430		0	
	JAMES MCFARLAND A #002	P	P-20-07S-33E	P	30-041-10447	O	04/2007	05/01/2009	4360	9360		0	
	JAMES MCFARLAND A #003	P	J-20-07S-33E	J	30-041-10484	O	04/2007	05/01/2009	4450	9450		0	

	JAMES MCFARLAND A #004	P	I-20-07S-33E	I	30-041-10492	O	04/2007	05/01/2009	4350	9350		0	
	JAMES MCFARLAND A #005	P	P-20-07S-33E	P	30-041-20915	O			Unknown			0	
33777	JAMES MCFARLAND #001	P	N-20-07S-33E	N	30-041-10474	O	07/2006	08/01/2008	4350	9350		0	
	JAMES MCFARLAND #002	P	M-20-07S-33E	M	30-041-10407	O	02/2007	03/01/2009	4349	9349		0	
	JAMES MCFARLAND #003	P	K-20-07S-33E	K	30-041-10483	O	06/2003	07/01/2005	4350	9350	Y	0	Y
	JAMES MCFARLAND #004	P	L-20-07S-33E	L	30-041-10567	O	01/2007	02/01/2009	4340	9340		0	
33779	KHS #001	S	P-36-07S-32E	P	30-041-20033	O	06/2007	07/01/2009	4308	9308		0	
	KHS #002	S	I-36-07S-32E	I	30-041-20041	O	06/2007	07/01/2009	4309	9309		0	
	KHS #003	S	F-36-07S-32E	F	30-041-20045	O	06/2007	07/01/2009	4310	9310		0	
	KHS #004	S	E-36-07S-32E	E	30-041-20053	O	06/2007	07/01/2009	4290	9290		0	
	KHS #005	S	D-36-07S-32E	D	30-041-20054	O	06/2007	07/01/2009	4400	9400		0	
33780	LINE STATE #001	S	Z-16-08S-38E	G	30-041-20451	O	09/2003	10/01/2005	4910	9910	Y	0	Y
33781	PARTIN 35 #001	P	B-35-07S-32E	B	30-041-20139	O	03/2007	04/01/2009	4475	9475		0	
33782	SHELL 35 FEDERAL #001	F	E-35-07S-32E	E	30-041-20104	O	06/2007		9097			0	
	SHELL 35 FEDERAL #002	F	F-35-07S-32E	F	30-041-20137	O	06/2007		4475			0	
33825	SHELL CONE PARTIN #001	P	J-35-07S-32E	J	30-041-20215	O	05/2006	06/01/2008	4436	9436		0	
	SHELL CONE PARTIN #002	P	I-35-07S-32E	I	30-041-20247	O	05/2006	06/01/2008	4380	9380		0	
33826	SIEBER #001	P	C-17-07S-34E	C	30-041-20791	O	03/2006	04/01/2008	4360	9360		0	
33784	STATE CVB #001	S	P-31-07S-33E	P	30-041-10580	O	03/2006	04/01/2008	4450	9450		0	
	STATE CVB #002	S	O-31-07S-33E	O	30-041-10604	O	03/2006	04/01/2008	4450	9450		0	
	STATE CVB #003	S	J-31-07S-33E	J	30-041-10623	O	03/2006	04/01/2008	4425	9425		0	
33785	TUCKER #001	P	L-24-07S-32E	L	30-041-20141	O	07/2006	08/01/2008	4500	9500		0	
	TUCKER #002	P	P-23-07S-32E	P	30-041-20145	O	03/2007	04/01/2009	4500	9500		0	
	TUCKER #005	P	M-24-07S-32E	M	30-041-20769	S	11/2006	12/01/2008	4530	9530		0	
33787	TUCKER HALL #001	P	O-25-07S-32E	O	30-041-20152	O	07/2006	08/01/2008	4500	9500		0	
	TUCKER HALL #002	P	J-25-07S-32E	J	30-041-20160	O	07/2006	08/01/2008	4500	9500		0	
	TUCKER HALL #003	P	G-25-07S-32E	G	30-041-20162	O	03/2007	04/01/2009	4500	9500		0	
	TUCKER HALL #004	P	B-25-07S-32E	B	30-041-20166	O	03/2007	04/01/2009	4500	9500		0	
	TUCKER HALL #005	P	A-25-07S-32E	A	30-041-20167	O	03/2007	04/01/2009	4500	9500		0	
	TUCKER HALL #006	P	H-25-07S-32E	H	30-041-20759	O	07/2006	08/01/2008	4480	9480		0	
	TUCKER HALL #007	P	I-25-07S-32E	I	30-041-20760	O	07/2003	08/01/2005	4599	9599	Y	0	Y
	TUCKER HALL #008	P	P-25-07S-32E	P	30-041-20761	O	03/2007	04/01/2009	4500	9500		0	

WHERE Ogrid:227083

District 1
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-145
Permit 68182

Change of Operator

Previous Operator Information

OGRID: 227083
Name: ORBIT PETROLEUM, INC.
Address: 1131 EAST BRITTON ROAD
Address:
City, State, Zip: OKLAHOMA CITY, OK 73131

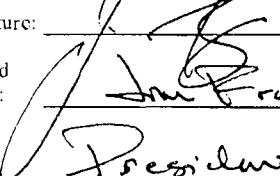
New Operator Information

Effective Date: 11/1/2007

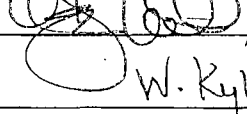
OGRID: 164557
Name: RIDGEWAY ARIZONA OIL CORP.
Address: ONE RIVERWAY, SUITE 610
Address:
City, State, Zip: HOUSTON, TX 77056

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: 
Printed Name: Jim Frazier
Title: President
Date: 5/20/2008 Phone: 405.607.6020

New Operator

Signature: 
Printed Name: W. Kyle Willis
Title: Vice President
Date: 5/19/2008 Phone: 832 485 8502

NMOCD Approval

Electronic Signature: Paul Kautz, District 1
Date: September 02, 2008

Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 13

From Operator ORBIT PETROLEUM, INC. OGRID 227083
 To Operator RIDGEWAY ARIZONA OIL CORP. OGRID 164557
 Wells Selected for Transfer, Permit 68182
 Permit Status: APPROVED

OCD District Hobbs

Property Well	Lease Type	ULSTR	OCD Unit	API	Well Type	Pool ID	Pool Name
306040 ALLIE PARTIN ET AL #001	P	P-35-07S-32E	P	30-041-20344	O	12049	CHAVEROO:SAN ANDRES
ALLIE PARTIN ET AL #002	P	O-35-07S-32E	O	30-041-20347	O	12049	CHAVEROO:SAN ANDRES
306036 ANDERSON STATE #001	S	O-36-07S-32E	O	30-041-20024	O	12049	CHAVEROO:SAN ANDRES
ANDERSON STATE #002	S	J-36-07S-32E	J	30-041-20035	O	12049	CHAVEROO:SAN ANDRES
ANDERSON STATE #003	S	M-36-07S-32E	M	30-041-20042	O	12049	CHAVEROO:SAN ANDRES
ANDERSON STATE #004	S	G-36-07S-32E	G	30-041-20043	O	12049	CHAVEROO:SAN ANDRES
ANDERSON STATE #005	S	H-36-07S-32E	H	30-041-20046	O	12049	CHAVEROO:SAN ANDRES
ANDERSON STATE #007	S	C-36-07S-32E	C	30-041-20051	O	12049	CHAVEROO:SAN ANDRES
ANDERSON STATE #008	S	B-36-07S-32E	B	30-041-20052	O	12049	CHAVEROO:SAN ANDRES
ANDERSON STATE #009	S	A-36-07S-32E	A	30-041-20084	O	12049	CHAVEROO:SAN ANDRES
306025 CHAVEROO A STATE #001	S	4-31-07S-33E	M	30-041-10633	O	12049	CHAVEROO:SAN ANDRES
CHAVEROO A STATE #002	S	3-31-07S-33E	L	30-041-10668	O	12049	CHAVEROO:SAN ANDRES
306039 CHAVEROO B #001	S	K-31-07S-33E	K	30-041-10666	O	12049	CHAVEROO:SAN ANDRES
CHAVEROO B #002	S	I-31-07S-33E	I	30-041-10669	O	12049	CHAVEROO:SAN ANDRES
306038 CWS #001	S	K-36-07S-32E	K	30-041-20090	O	12049	CHAVEROO:SAN ANDRES
CWS #002	S	N-36-07S-32E	N	30-041-20091	O	12049	CHAVEROO:SAN ANDRES
306043 FARRELL FEDERAL #001	F	M-28-07S-33E	M	30-041-10125	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #002	F	L-28-07S-33E	L	30-041-10212	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #003	F	N-28-07S-33E	N	30-041-10252	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #004	F	O-28-07S-33E	O	30-041-10253	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #005	F	K-28-07S-33E	K	30-041-10240	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #006	F	P-28-07S-33E	P	30-041-10411	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #007	F	J-28-07S-33E	J	30-041-10423	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #008	F	E-28-07S-33E	E	30-041-10440	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #009	F	I-28-07S-33E	I	30-041-10441	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #011	F	H-28-07S-33E	H	30-041-10459	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #012	F	G-28-07S-33E	G	30-041-10460	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #013	F	D-28-07S-33E	D	30-041-10431	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #014	F	C-28-07S-33E	C	30-041-10432	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #015	F	B-28-07S-33E	B	30-041-10433	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #016	F	A-28-07S-33E	A	30-041-10434	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #017	F	A-28-07S-33E	A	30-041-20693	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #018	F	B-28-07S-33E	B	30-041-20694	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #020	F	E-28-07S-33E	E	30-041-20696	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #021	F	I-28-07S-33E	I	30-041-20689	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #023	F	M-28-07S-33E	M	30-041-20698	O	12049	CHAVEROO:SAN ANDRES
FARRELL FEDERAL #024	F	N-28-07S-33E	N	30-041-20699	O	12049	CHAVEROO:SAN ANDRES
306035 FEDERAL 19 #001	F	O-19-07S-33E	O	30-041-20143	O	12049	CHAVEROO:SAN ANDRES
FEDERAL 19 #002	F	P-19-07S-33E	P	30-041-10236	O	12049	CHAVEROO:SAN ANDRES
306045 FEDERAL A #001	F	O-24-07S-32E	O	30-041-20107	O	12049	CHAVEROO:SAN ANDRES
FEDERAL A #002	F	P-24-07S-32E	P	30-041-20112	O	12049	CHAVEROO:SAN ANDRES
FEDERAL A #003	F	J-24-07S-32E	J	30-041-20154	O	12049	CHAVEROO:SAN ANDRES
306033 HEFFLEFINGER #001	P	C-35-07S-32E	C	30-041-20709	O	12049	CHAVEROO:SAN ANDRES
HEFFLEFINGER #002	P	D-35-07S-32E	D	30-041-20710	O	12049	CHAVEROO:SAN ANDRES
306028 HONDO STATE B #001	S	A-31-07S-33E	A	30-041-10454	O	12049	CHAVEROO:SAN ANDRES
306026 HUMBLE FEDERAL #001	F	F-25-07S-32E	F	30-041-20109	O	12049	CHAVEROO:SAN ANDRES
HUMBLE FEDERAL #002	F	E-25-07S-32E	E	30-041-20113	O	12049	CHAVEROO:SAN ANDRES
HUMBLE FEDERAL #007	F	D-25-07S-32E	D	30-041-20118	O	12049	CHAVEROO:SAN ANDRES
HUMBLE FEDERAL #008	F	C-25-07S-32E	C	30-041-20119	O	12049	CHAVEROO:SAN ANDRES
306031 HUMBLE TUCKER #001	P	N-25-07S-32E	N	30-041-20058	O	12049	CHAVEROO:SAN ANDRES
HUMBLE TUCKER #002	P	K-25-07S-32E	K	30-041-20059	O	12049	CHAVEROO:SAN ANDRES
HUMBLE TUCKER #003	P	L-25-07S-32E	L	30-041-20095	O	12049	CHAVEROO:SAN ANDRES
HUMBLE TUCKER #004	P	M-25-07S-32E	M	30-041-20096	O	12049	CHAVEROO:SAN ANDRES
306041 JAMES MCFARLAND A #001	P	O-20-07S-33E	O	30-041-10403	O	12049	CHAVEROO:SAN ANDRES
JAMES MCFARLAND A #002	P	P-20-07S-33E	P	30-041-10447	O	12049	CHAVEROO:SAN ANDRES
JAMES MCFARLAND A #005	P	J-20-07S-33E	J	30-041-10484	O	12049	CHAVEROO:SAN ANDRES
JAMES MCFARLAND A #004	P	I-20-07S-33E	I	30-041-10492	O	12049	CHAVEROO:SAN ANDRES
JAMES MCFARLAND A #005	P	P-20-07S-33E	P	30-041-20915	O	12049	CHAVEROO:SAN ANDRES
306044 JAMES MCFARLAND #001	P	N-20-07S-33E	N	30-041-10474	O	12049	CHAVEROO:SAN ANDRES
JAMES MCFARLAND #002	P	M-20-07S-33E	M	30-041-10407	O	12049	CHAVEROO:SAN ANDRES
JAMES MCFARLAND #003	P	K-20-07S-33E	K	30-041-10483	O	12049	CHAVEROO:SAN ANDRES
JAMES MCFARLAND #004	P	L-20-07S-33E	L	30-041-10567	O	12049	CHAVEROO:SAN ANDRES

306029 KMS #001	S	P-36-07S-32E	P	30-041-20033	O	12049 CHAVEROO:SAN ANDRES
KMS #002	S	I-36-07S-32E	I	30-041-20041	O	12049 CHAVEROO:SAN ANDRES
KMS #003	S	F-36-07S-32E	F	30-041-20045	O	12049 CHAVEROO:SAN ANDRES
KMS #004	S	E-36-07S-32E	E	30-041-20053	O	12049 CHAVEROO:SAN ANDRES
KMS #005	S	D-36-07S-32E	D	30-041-20054	O	12049 CHAVEROO:SAN ANDRES
306042 PARTIN 35 #001	P	B-35-07S-32E	B	30-041-20139	O	12049 CHAVEROO:SAN ANDRES
306027 SHELL 35 FEDERAL #001	F	E-35-07S-32E	E	30-041-20104	O	12049 CHAVEROO:SAN ANDRES
SHELL 35 FEDERAL #002	F	F-35-07S-32E	F	30-041-20137	O	12049 CHAVEROO:SAN ANDRES
306037 SHELL CONE PARTIN #001	P	J-35-07S-32E	J	30-041-20215	O	12049 CHAVEROO:SAN ANDRES
SHELL CONE PARTIN #002	P	I-35-07S-32E	I	30-041-20247	O	12049 CHAVEROO:SAN ANDRES
306034 STATE CVB #001	S	P-31-07S-33E	P	30-041-10580	O	12049 CHAVEROO:SAN ANDRES
STATE CVB #002	S	O-31-07S-33E	O	30-041-10604	O	12049 CHAVEROO:SAN ANDRES
STATE CVB #003	S	J-31-07S-33E	J	30-041-10623	O	12049 CHAVEROO:SAN ANDRES
306032 TUCKER #001	P	L-24-07S-32E	L	30-041-20141	O	12049 CHAVEROO:SAN ANDRES
TUCKER #002	P	P-23-07S-32E	P	30-041-20145	O	12049 CHAVEROO:SAN ANDRES
TUCKER #005	P	M-24-07S-32E	M	30-041-20769	S	96121 SWD:SAN ANDRES
306030 TUCKER HALL #001	P	O-25-07S-32E	O	30-041-20152	O	12049 CHAVEROO:SAN ANDRES
TUCKER HALL #002	P	J-25-07S-32E	J	30-041-20160	O	12049 CHAVEROO:SAN ANDRES
TUCKER HALL #003	P	G-25-07S-32E	G	30-041-20162	O	12049 CHAVEROO:SAN ANDRES
TUCKER HALL #004	P	B-25-07S-32E	B	30-041-20166	O	12049 CHAVEROO:SAN ANDRES
TUCKER HALL #005	P	A-25-07S-32E	A	30-041-20167	O	12049 CHAVEROO:SAN ANDRES
TUCKER HALL #006	P	H-25-07S-32E	H	30-041-20759	O	12049 CHAVEROO:SAN ANDRES
TUCKER HALL #007	P	I-25-07S-32E	I	30-041-20760	O	12049 CHAVEROO:SAN ANDRES
TUCKER HALL #008	P	P-25-07S-32E	P	30-041-20761	O	12049 CHAVEROO:SAN ANDRES

Swazo, Sonny, EMNRD

From: John Green [jgreen@pyramidgom.com]
Sent: Thursday, February 19, 2009 12:28 PM
To: Swazo, Sonny, EMNRD
Cc: Mike Myers; Brooks, David K., EMNRD; Macquesten, Gail, EMNRD

Mr. Sonny Swazo,

As I indicated in past communications, several of the wells listed in the OCD'S 17 page Proof of Claim (119-1) filed in Orbit's bankruptcy case on 10/09/2008, will not be purchased by Vista. On page 2 of that Claim the OCD showed a Plugging Cost Estimate Summary for several entities. The wells owned by the entity Tipton & Denton, and those owned by Tipton, Denton & Denton were never acquired by Orbit; they were retained by the Tiptons, and thus will not be part of Vista's purchase of Orbit's bankruptcy assets.

Additionally, page 3 of the OCD'S Claim lists other wells that are not included in Orbit's bankruptcy assets. They either were never assigned to Orbit or, if assigned to Orbit they were subsequently assigned by Orbit to another party(ies) prior to the bankruptcy and the assignment(s) were not filed of record by the assignee(s). These wells are:

<u>WELL NAME</u>	<u>API #</u>
Archer 001	30-041-20787
Archer 002	30-041-20798
Brown 51 001	30-025-07061
Brown 51 002	30-025-21703
Line State 001	30-041-20451
Steber 001	30-041-20791
State BA 001	30-041-10003
State BA 002	30-041-20048

Hopefully this information will be helpful to you in preparing the Compliance Order.

On another note:

***Before the OCD
Cases 14312
Orbit Petroleum, Inc.
OCD Ex. No. 14***

I anticipate that Vista's operator bond will cover all of the Company's obligations on active producing wells to be acquired from Orbit's bankruptcy Estate. And for each of the wells that the OCD shows to be out of compliance according to the list you gave me in Santa Fe, I will prepare a Cash Bond with Collateral Assignment. Since our purchase

of Orbit's assets is subject to the Court's approval, I suppose we should offer the Compliance Order along with the Cash Bonds and Collateral Assignments to the Court to be held contingent upon approval. Is that ok with you, or do you have a different way to handle these situations?

Thanks for your assistance, please contact me with questions and/or comments.

Respectfully,

*John M Green,
General Counsel
Vista Exploration & Production Company, Inc.
1800 West Loop South
Suite 1950
Houston, Texas 77027
Tel: 281-822-0801 ext. 109
Fax: 281-822-0802*

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