

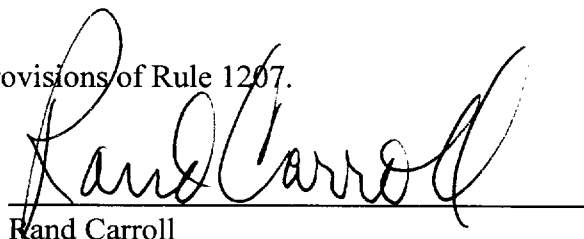
**STATE OF NEW MEXICO ENERGY,
MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE SUPORVISOR OF DISTRICT I FOR AN ORDER REQUIRING
POLARIS PRODUCTION CORP. TO PROPERLY PLUG NINETEEN WELLS
LOCATED IN TOWNSHIPS 14 AND 15 SOUTH, RANGE 37 EAST, LEA COUNTY,
NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELLS, AND
ORDERING A FORFEITURE OF THE PLUGGING BOND.**

CASE NO. 11812

AFFIDAVIT REGARDING NOTICE


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


Rand Carroll

SUBSCRIBED AND SWORN TO before me this 20th day of August, 1997,
by Rand Carroll.

My commission expires:

1-6-2000

 NOTARY PUBLIC	
BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<u>OCD</u>	EXHIBIT NO. <u>3</u>
CASE NO. <u>11812</u>	



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 20, 1997

Certified Mail
Return Receipt Requested

Polaris Production Corp.
418 West Wall Street, Suite 1124
Midland, TX 79702

United States Fidelity & Guaranty Company
P.O. Box 1138
Baltimore, MD 21203

RE: Case No. 11812

Application of the New Mexico Oil Conservation Division for a Show Cause Hearing requiring Polaris Production Corp. and United States Fidelity & Guaranty Company and other interested parties to appear and show cause why nineteen wells located in Townships 14 and 15 South, Range 37 East, Lea County, NM should not be plugged and abandoned

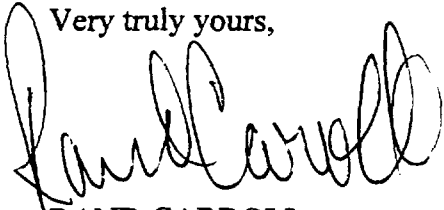
Dear Sir/Madam:

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring Polaris Production Corp. and United States Fidelity & Guaranty Company and other interested parties to appear and show cause why the above-referenced well should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on July 10, 1997. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90--- Enclosed) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

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

RAND CARROLL

ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION

Enclosures

cc: Chris Williams, OCD Hobbs
Gary Wink, OCD Hobbs

PS Form 3800, April 1995

Postmark or Date	
TOTAL Postage & Fees	\$
Return Receipt Showing to Whom, Date, & Addressee's Address	
Return Receipt Showing to Whom & Date Delivered	
Restricted Delivery Fee	
Special Delivery Fee	
Certified Fee	
Postage	\$
Post Office, State, & ZIP Code BALTIMORE MD 21203	
Post Office, State, & ZIP Code BALTIMORE MD 21203	
Sent to S. FIDELITY & GUARANTY CO.	
Sent to 418 WEST WALL, STE 1124 MIDLAND TX 79702	

US Postal Service
Receipt for Certified Mail
Case 11812
P 614 928 444

PS Form 3800, April 1995

Postmark or Date	
TOTAL Postage & Fees	\$
Return Receipt Showing to Whom, Date, & Addressee's Address	
Return Receipt Showing to Whom & Date Delivered	
Restricted Delivery Fee	
Special Delivery Fee	
Certified Fee	
Postage	\$
Post Office, State, & ZIP Code MIDLAND TX 79702	
Post Office, State, & ZIP Code MIDLAND TX 79702	
Sent to POLARIS PRODUCTION CORP.	
Sent to 418 WEST WALL, STE 1124 MIDLAND TX 79702	

US Postal Service
Receipt for Certified Mail
Case 11812
P 614 928 444

Is your RETURN ADDRESS completed on the reverse side?

SENDER: Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b. Print your name and address on the reverse of this form so that we can return the card to you. Attach this form to the front of the mailpiece, or on the back if space does not permit. Write "Return Receipt Requested" on the mailpiece below the article number. The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: UNITED STATES FIDELITY & GUARANTY CO. PO BOX 1138 BALTIMORE, MD 21203		4a. Article Number P 614 928 444	
5. Received By: (Print Name) X <i>[Signature]</i>		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
6. Signature: (Addressee or Agent) X <i>[Signature]</i>		7. Date of Delivery 12/18/94	
8. Addressee's Address (Only if requested and fee is paid) POLARIS PRODUCTION CORP. 418 WEST WALL ST, SUITE 1124 MIDLAND, TX 79702		8. Addressee's Address (Only if requested and fee is paid) POLARIS PRODUCTION CORP. 418 WEST WALL ST, SUITE 1124 MIDLAND, TX 79702	

Thank you for using Return Receipt Service.

PS Form 3801, December 1994

102595-97-B-0179

Domestic Return Receipt

Domestic Return Receipt

614-017-B-96-595201

PS Form 3800, December 1994

Is your RETURN ADDRESS completed on the reverse side?

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3. Article Addressed to: POLARIS PRODUCTION CORP. 418 WEST WALL ST, SUITE 1124 MIDLAND, TX 79702		4a. Article Number P 614 928 443	
4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD		7. Date of Delivery 12/18/94	
5. Received By: (Print Name) X <i>[Signature]</i>		8. Addressee's Address (Only if requested and fee is paid) POLARIS PRODUCTION CORP. 418 WEST WALL ST, SUITE 1124 MIDLAND, TX 79702	
6. Signature: (Addressee or Agent) X <i>[Signature]</i>		8. Addressee's Address (Only if requested and fee is paid) POLARIS PRODUCTION CORP. 418 WEST WALL ST, SUITE 1124 MIDLAND, TX 79702	

Thank you for using Return Receipt Service.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 25, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Polaris Production Corp.
418 West Wall Street, Suite 1124
Midland, TX 79702

RE: Plugging of 19 wells in Lea County, New Mexico
OCD Case No. 11812 set for hearing on July 10, 1997

Dear Sir/Madam:

By now you should have received notice of the above-referenced case to be heard before the New Mexico Oil Conservation Division on July 10, 1997. Enclosed is a copy of the application and notice letter.

At the July 10, 1997 hearing, the Division will request that Polaris be ordered to plug these wells and, if Polaris fails to do so, that the Division be authorized to (i) plug the wells, (ii) foreclose on Polaris' \$50,000 blanket bond; and (iii) pursue Polaris through all available legal means for any costs of plugging in excess of the \$50,000 bond. The Division will also request that it be allowed to assess fines on Polaris for noncompliance with the order issued for every month that Polaris is in noncompliance.

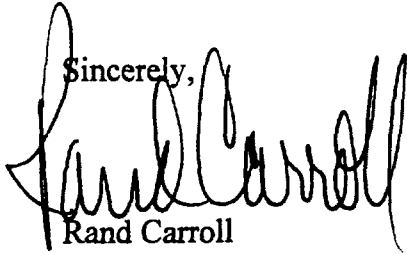
Please note that if the Division is forced to plug these wells and foreclose on the \$50,000 blanket bond, Polaris will no longer have a valid bond in place and will not be allowed to produce. In addition, the bonding company will undoubtedly pursue Polaris for the \$50,000 it will have paid over to the Division.

At this point, you have the following options:

1. Work with the Hobbs District Office regarding a plan for bringing all its wells into compliance with OCD rules. Upon your request, with the Hobbs Office's concurrence, we will then continue the hearing date until the wells are brought into compliance at which time we will dismiss the case; or
2. Proceed to the hearing on July 10, 1997, and attempt to prove to the hearing examiner that these wells are not in need of plugging at this time. You can also show the examiner what Polaris is doing about these wells and why Polaris should not be fined.

Please let me know what your intentions are by July 3, 1997, or the Division will proceed with the hearing if it is not continued. If you have any questions, please feel free to call me at 505/827-8156 or Chris Williams or Gary Wink of our Hobbs office at 505/393-6161.

Sincerely,

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

Rand Carroll
Legal Counsel

cc: Chris Williams, OCD Hobbs
Gary Wink, OCD Hobbs

P 326 937 152

US Postal Service CASE 11812
Receipt for Certified Mail
 No Insurance Coverage Provided.

Do not use for International Mail (See reverse)
 Sent to

POLARIS PRODUCTION CORP	
Street & Number 418 WEST WALL ST, STE 1124	
Post Office, State, & ZIP Code MIDLAND TX 79702	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

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

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

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

Consult postmaster for fee.

3. Article Addressed to:

POLARIS PRODUCTION CORP
 418 WEST WALL ST
 STE 1124
 MIDLAND TX 79702

4a. Article Number

P 326 937 152

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

6-24-97

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

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

PS Form 3811, December 1994

102595-97-B-0179

Domestic Return Receipt

Thank you for using Return Receipt Service.

BEFORE EXAMINER STOGNER
GIL CONSERVATION DIVISION
EXHIBIT NO. _____
CASE NO. _____

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. 11,812
)
 APPLICATION OF THE OIL CONSERVATION)
 DIVISION FOR AN ORDER REQUIRING POLARIS)
 PRODUCTION CORPORATION TO PLUG 19 WELLS)
 IN LEA COUNTY, NEW MEXICO)

REC'D

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OIL CON

OFFICIAL EXHIBIT FILE
(6 OF 6 - POLARIS EXHIBITS 1-8)
EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

August 21st, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, August 21st, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *