

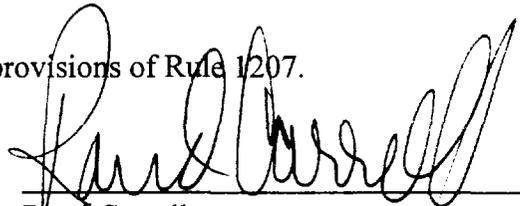
STATE OF NEW MEXICO ENERGY,  
MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPORVISORS OF DISTRICT I AND II FOR AN ORDER REQUIRING METEOR DEVELOPMENTS, INC. TO PROPERLY PLUG FOURTEEN WELLS (FOUR WELLS LOCATED IN SECTION 22, TWO WELLS IN SECTION 23 AND FIVE WELLS IN SECTION 26, ALL IN TOWNSHIP 9 SOUTH, RANGE 36 EAST, LEA COUNTY AND THREE WELLS IN SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO), AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND RECOVER THE COSTS FROM METEOR, AND ORDERING A FORFEITURE OF THE PLUGGING BOND.

CASE NO. 11901

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 16<sup>th</sup> day of December, 1997,  
by Rand Carroll.

My Commission Expires:  
1-6-2000

  
\_\_\_\_\_  
Notary Public

BEFORE EXAMINER STOGNER  
 OIL CONSERVATION DIVISION  
 CASE NO. 11901  
 EXHIBIT NO. 3

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.

3. Article Addressed to:  
 Meteor Developments, Inc.  
 216 16th Street, Suite 730  
 Denver, CO 80202  
*RC*

4a. Article Number  
 P 326 936 274

4b. Service Type  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
Dec 01 1994

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

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
*X [Signature]*

102595-97 B-0179 Domestic Return Receipt  
 PS Form 3811, December 1994

Thank you for using Return Receipt Service.

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.

3. Article Addressed to:  
 Santa Fe Pacific Railroad Co.  
 550 W. Texas, Suite 1330  
 Midland, TX 79701  
*RC*

4a. Article Number  
 Z 765 963 469

4b. Service Type  
 Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery  
12-1-97

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

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)  
*X [Signature]*

102595-97 B-0179 Domestic Return Receipt  
 PS Form 3811, December 1994

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

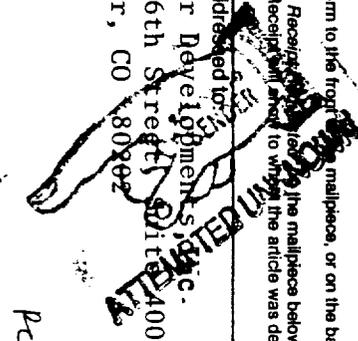
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- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt" on the mailpiece below the article 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: **TELEPHONE**

Meteor Development S.C.  
511 16th Street, Suite 400  
Denver, CO 80202



5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

PS Form 3811, December 1994

Domestic Return Receipt

4a. Article Number  
P 326 936 275

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD

7. Date of Delivery

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

**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:

Central Pacific Assurance, Ltd.  
9744 Wilshire Blvd., Suite 430  
Beverly Hills, CA 90212

*PC*

4a. Article Number  
Z 765 963 470

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- COD

7. Date of Delivery

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

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Thank you for using Return Receipt Service.



P 326 936 275

US Postal Service  
**Receipt for Certified Mail**

No Insurance Coverage Provided.  
Do not use for International Mail (See reverse)

Sent to Meteor Developments, Inc.	
Street & Number 511 16th St., Suite	
Post Office, State, & ZIP Code 400 Denver, CO 80202	
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	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, April 1995

Fold at line over top of envelope to the right of the return address

Z 765 963 470



**Receipt for Certified Mail**

No Insurance Coverage Provided  
Do not use for International Mail (See Reverse)

Sent to Central Pacific Assurance	
Street and No. 9744 Wilshire Blvd. Ste 430	
P.O., State and ZIP Code Beverly Hills, CA 90212	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, March 1993

P 326 936 274

US Postal Service  
**Receipt for Certified Mail**

No Insurance Coverage Provided.  
Do not use for International Mail (See reverse)

Sent to Meteor Developments, Inc.	
Street & Number 216 16th Street, Ste. 730	
Post Office, State, & ZIP Code Denver, CO 80202	
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	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, April 1995

Fold at line over top of envelope to the right of the return address

Z 765 963 469



**Receipt for Certified Mail**

No Insurance Coverage Provided  
Do not use for International Mail (See Reverse)

Sent to Santa Fe Pacific Railroad	
Street and No. 550 W. Texas, Ste. 1330	
P.O., State and ZIP Code Midland, TX 79701	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	<b>\$</b>
Postmark or Date	

PS Form 3800, March 1993

Fold at line over top of envelope to the right of the return address



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

November 25, 1997

**Certified Mail**  
**Return Receipt Requested**

Meteor Developments Inc.  
216 16th Street, Suite 730  
Denver, CO 80202

Meteor Developments Inc.  
511 16th Street, Suite 400  
Denver, CO 80202

Central Pacific Assurance, Ltd.  
9744 Wilshire Blvd., Suite 430  
Beverly Hills, CA 90212

Santa Fe Pacific Railroad Co.  
550 W. Texas, Suite 1330  
Midland, TX 79701

RE: Application of the New Mexico Oil Conservation Division for a Show Cause Hearing requiring Meteor Developments Inc. and Central Assurance, Ltd. and other interested parties to appear and show cause why fourteen wells located in Sections 22, 23 and 26, Township 9 South, Range 36 East, Lea County, NM and Section 20, Township 22 South, Range 27 East, Eddy County, NM should not be plugged and abandoned

Dear Sir/Madam:

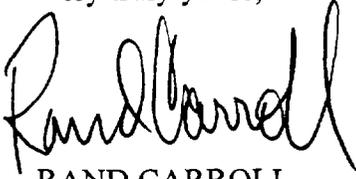
This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring Meteor Developments Inc. and Central Pacific Assurance, Ltd. and other interested parties to appear and show cause why the above-referenced wells should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on December 18, 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 written in a cursive, flowing style with a large initial "R".

RAND CARROLL

ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION

Enclosures

cc: Chris Williams, OCD Hobbs District Supervisor  
Tim Gum, OCD Artesia District Supervisor

1997  
Oil Conservation

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISORS OF DISTRICT I AND II FOR AN ORDER REQUIRING METEOR DEVELOPMENTS, INC. TO PROPERLY PLUG FOURTEEN WELLS (FOUR WELLS LOCATED IN SECTION 22, TWO WELLS IN SECTION 23 AND FIVE WELLS IN SECTION 26, ALL IN TOWNSHIP 9 SOUTH, RANGE 36 EAST, LEA COUNTY, AND THREE WELLS LOCATED IN SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO), AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND RECOVER THE COSTS FROM METEOR, AND ORDERING A FORFEITURE OF THE PLUGGING BOND.**

CASE NO. \_\_\_\_\_

**APPLICATION FOR PLUGGING AND FORFEITURE OF BOND**

1. Meteor Developments, Inc. (the "Operator") is the operator of fourteen wells: four wells located in Units I, N, O, and P, Section 22; two in Units K and M, Section 23; and five in Units C, D, E, L and M, Section 26; all in Township 9 South, Range 36 East, Lea County; and three in Units F, K and L, Section 20, Township 22 South, Range 27 East, New Mexico.

2. Operator has posted a surety bond in the amount of \$50,000 for said wells in compliance with Section 70-2-14 NMSA 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the wells operated by Operator. Central Pacific Assurance Ltd. is surety on the bond, Bond No. 9004.

3. The subject wells have not produced hydrocarbons or have otherwise been inactive for more than one year or are no longer usable for beneficial purposes and no permit for temporary

abandonment has been requested by the Operator and approved by the Division.

4. By virtue of the failure to use the wells for beneficial purposes or to have approved current temporary abandonment permits, the subject wells are presumed to have been abandoned and are required to be plugged.

5. By authority of Section 70-2-14 NMSA 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

6. Demand has been made or attempted to be made upon the Operator to either place the subject wells to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisors of District I and II of the Oil Conservation Division apply to the Director to enter an order:

A. Determining whether or not the wells should be plugged in accordance with a Division-approved plugging program.

B. Upon a determination that said wells should be plugged, directing Operator to plug said wells.

C. Further ordering that if Operator fails to plug and abandon said wells as ordered by the Director, that the Division be authorized:

i. to plug said wells;

ii. to declare forfeit on said bond, if any, and to take such action to

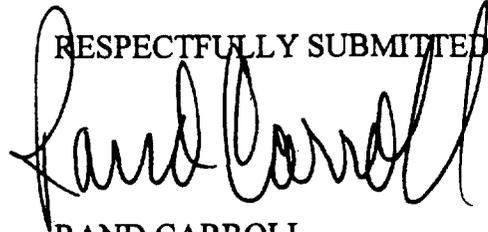
foreclose on said bond,

iii. to recover from the Operator any costs of plugging said wells in excess of the amount of the bond, if any, and

iv. to impose fines on the Operator for failure to take action on these wells.

D. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is written in a cursive style with a large initial "R" and "C".

RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, NM 87505

(505) 827-8156



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

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 7000  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-1100

2-80

MEMORANDUM

TO: All Parties Appearing Before OCD Examiners or the Commission

FROM: William J. LeMay, Director *WJL*

SUBJECT: Prehearing Statement to be Filed Prior to Hearing

DATE: April 30, 1990

In order to improve the management of hearing dockets before Oil Conservation Division examiners and the Oil Conservation Commission, parties appearing in any cases are hereby requested to file a **PREHEARING STATEMENT** substantially in the form attached to this memorandum by **4:00 p.m. on the Friday before a scheduled hearing** beginning with the **Docket set for May 30, 1990**. The statements should be filed by the attorney who will be representing the party at the hearing. Two copies should be provided for examiner hearings and four copies for Commission hearings with an additional copy provided to the reporter on the day of the hearing. The statement must be served on any party who has entered an appearance pursuant to Rule 1208.

There are several benefits to be derived from the statements. First the examiner or Commission will be able to anticipate the approximate length of a case in order to schedule the court reporter and plan their own schedules. Hopefully it will also enable parties to better determine when they can expect their case to be heard. By identifying the issues and evidence in advance, the examiners and the parties will be better prepared for the hearings. Changes in witnesses and exhibits will normally be allowed.

Parties subject to this memorandum include applicants and any other party planning to appear either in opposition or support of an application. Applicants should include in the notice required under Division Rules a statement that a prehearing statement is required by any person planning to appear and that anyone wishing to receive other parties' prehearing statements or pleadings must file an entry of appearance.

If any party in a case fails to file a prehearing statement the examiner or the Commission reserves the right to make such adjustments to the docket as are appropriate in a given circumstance, such as moving the case to the end of the docket after all cases in which parties have filed their statements. Because this procedure is intended to improve the hearing process, it is hoped that the high level of support and cooperation normally shown in OCD and OCC proceedings will continue.

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.

APPLICATION OF

PRE-HEARING STATEMENT

This prehearing statement is submitted by \_\_\_\_\_  
as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

APPLICANT

ATTORNEY

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
name, address, phone and  
contact person

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OPPOSITION OR OTHER PARTY

ATTORNEY

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
name, address, phone and  
contact person

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES  
(Name and expertise)

EST. TIME

EXHIBITS

OPPOSITION

WITNESSES  
(Name and expertise)

EST. TIME

EXHIBITS

**PROCEDURAL MATTERS**

(Please identify any procedural matters which  
need to be resolved prior to the hearing)

\_\_\_\_\_  
Signature



**PETROLEUM, L. L. C.**

December 16, 1997

NM Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87505

**Re: NMOCD Case 11901**

Gentlemen:

Following are Saga Petroleum's ideas concerning the Meteor Crossroads Field leases:

- Saga wishes to immediately unitize its leases in the Crossroads Devonian Field. Produced water will be injected down dip in the structure for pressure maintenance. Unitization will reduce operating expenses, extend the producing life of the leases, and reduce leaks and spills by allowing for a new, central production facility.
- While Saga cannot accept the environmental liability for the Meteor leases, we are willing to work with the State to clean up the Meteor properties, plug those wells that need to be plugged, and reactivate the remaining wellbores that are economic to produce, all at our cost. Saga will utilize company personnel, with company owned dirt moving equipment and well servicing units to perform the necessary work at a cost substantially below contractor prices. A mutually agreeable plan between the State and Saga would contain a reasonable time table for completion of the work, detailed work plans, and cost estimates. Saga would also need to be properly indemnified for accepting responsibility of the executing the plan and taking over operations of these leases.
- Once the Meteor leases are capable of producing in economic quantities, these leases should be merged into the Crossroads Devonian Unit discussed earlier.
- The previous discussions assume that the existing mineral leases under the Meteor leases can be obtained by Saga from MarBob and G.W. Ainsworth. This is necessary to legally produce the Devonian zone in these wells, and at this time we believe this can be accomplished.

If you have any additional questions, or need any additional information, please call.

Sincerely,

J. Charles Farmer  
Manager

415 W. Wall, Ste 835  
Office: (915) 684-4293

Midland, TX 7970  
Fax (915) 684-082