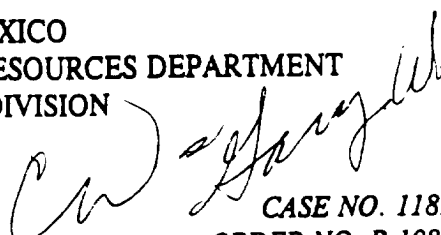


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION


CASE NO. 11812
ORDER NO. R-10879

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE SUPERVISOR OF THE DIVISION DISTRICT I IN HOBBS, NEW MEXICO ON ITS OWN MOTION FOR AN ORDER REQUIRING POLARIS PRODUCTION CORP. TO PROPERLY PLUG AND ABANDON NINETEEN CERTAIN WELLS IN LEA COUNTY, NEW MEXICO OR AUTHORIZING THE DIVISION TO PLUG AND ABANDON SAID WELLS, AND ORDERING A FORFEITURE OF THE PLUGGING BOND.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 21, 1997, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of September, 1997, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Polaris Production Corp. ("Polaris") of Midland, Texas is the current owner and operator of the following eighteen wells located in an area known as the Denton field in Lea County, New Mexico:

Well Name and Number	API No.	Footage Location	Unit	Section	Township - Range
Argo Well No. 2	30-025-05263	2287' FNL & 330' FEL	H	3	15 South - 37 East
Argo Well No. 3	30-025-05264	2286' FNL & 1660' FEL	G	3	15 South - 37 East
Argo Well No. 4	30-025-05265	960' FNL & 330' FEL	A	3	15 South - 37 East
Argo Well No. 5	30-025-09870	2087' FNL & 330' FEL	H	3	15 South - 37 East
Buckley "A" Well No. 1	30-025-05118	330' FS & WL	M	25	14 South - 37 East
Buckley "A" Well No. 3	30-025-05121	1650' FSL & 330' FWL	L	25	14 South - 37 East
Buckley "A" Well No. 4	30-025-05122	330' FSL & 1650' FWL	N	25	14 South - 37 East

Buckley "B" Well No. 1	30-025-05124	2310' FNL & 330' FWL	E	25	14 South - 37 East
Buckley "B" Well No. 2	30-025-05125	990' FNL & 330' FWL	D	25	14 South - 37 East
Priest Well No. 1	30-025-05223	1980' FNL & 660' FWL	E	1	15 South - 37 East
Priest Well No. 4	30-025-09865	660' FNL & 990' FWL	D	1	15 South - 37 East
Priest Well No. 5	30-025-09866	660' FNL & 1980' FWL	C	1	15 South - 37 East
Shelton Well No. 1	30-025-05128	1980' FNL 2080' FWL	F	26	14 South - 37 East
Shelton Well No. 4	30-025-05131	2310' FNL & 330' FWL	E	26	14 South - 37 East
State "A" Well No. 1	30-025-05244	1980' FSL & 660' FWL	L	2	15 South - 37 East
T. D. Pope Well No. 1	30-025-05209	330' FS & WL	M	36	14 South - 37 East
T. D. Pope Well No. 5	30-025-05213	1980' FNL & 330' FWL	E	36	14 South - 37 East
T. D. Pope Well No. 9	30-025-05217	660' FNL & 1650' FWL	C	36	14 South - 37 East

(3) The T. D. Pope Well No. 6 (API No. 30-025-05214), located 660 feet from the North line and 330 feet from the West line (Unit D) of Section 36, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico, which was originally identified by the Division as one of the (nineteen) wells operated by Polaris to be plugged and abandoned, is currently operated by Stephens & Johnson Operating Company of Wichita Falls, Texas. According to the Division's records in Santa Fe the operations and ownership of this well, now designated the Denton North Wolfcamp Unit (Tract 7) Well No. 706, changed from Polaris to Stephens & Johnson Operating Company on June 9, 1997 when the appropriate NMOCD Form C-104 was approved by the Supervisor of the Division's Hobbs District Office. Therefore, the T. D. Pope Well No. 6 should not be included in this application.

(4) In compliance with Division rules and regulations, Polaris has posted a \$50,000.00 blanket plugging bond on which United States Fidelity and Guaranty Company of Dallas, Texas is surety.

(5) The purpose of said bond is to assure the Division that any and all wells on State and/or fee leases operated by Polaris will be properly plugged and abandoned when not capable of commercial production.

(6) Mr. David Payne, President of Polaris, appeared at the time of the hearing and presented evidence and testimony to support his position that the subject wells should not be ordered plugged.

(7) The surety did not appear at the hearing.