

(b) Argo Well No. 3 (API No. 30-025-05264), located 2286 feet from the North line and 1660 feet from the East line (Unit G) of said Section 3;

(c) Argo Well No. 4 (API No. 30-025-05265), located 960 feet from the North line and 330 feet from the East line (Unit A) of said Section 3; and,

(d) Argo Well No. 5 (API No. 30-025-09870), located 2087 feet from the North line and 330 feet from the East line (Unit H) of said Section 3.

Failure to do so will subject the operator to a fine of \$1,000.00 per day per well until such work is completed.

(2) Polaris is to complete the tear down and dismantlement of the tank battery and related surface equipment on its T. D. Pope fee lease, within the E/2 of Section 36, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico, and clean up the site and determine the vertical extent of hydrocarbon contamination within the immediate area of said battery by April 30, 1998. Should it be found that groundwater is impacted, Polaris is to determine the horizontal extent of such damage and prepare a groundwater remediation plan by June 30, 1998. Consultation with the supervisor of the Division's District Office in Hobbs during all phases of this work will be required.

Failure to complete above actions by April 30, 1998 or to provide an acceptable remediation plan by June 30, 1998, if necessary, will subject the operator to a fine of \$1,000.00 per day until completed.

(3) Polaris shall restore the Priest Well No. 1 (API No. 3-025-05223), located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 1, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico, either to production status or satisfactorily plug and abandon said well and repair the gas leak on the wellhead by December 1, 1997.

Failure to do so will subject the operator to a fine of \$1,000.00 per day until such work is completed.

(4) Polaris shall remove all equipment from its Pacific Royalty fee lease, comprising the E/2 of Section 10, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico, by February 28, 1998 and clean it up according to guidelines

obtained from the Division District Office in Hobbs.

Failure to do so will subject the operator to a fine of \$1,000.00 per day until such work is completed.

(5) At least \$2,000.00 per month shall be spent on cleanup operations and improvements on all remaining leases within the Denton field until those leases meet Division guidelines. Environmental concerns and proper use and maintenance of production facilities, and not the appearance of the facilities (e.g. the spreading or covering over with fresh dirt of the battery facility area is not an acceptable or proper course of action) are most important. The operator shall submit to the supervisor of the Hobbs District Office on the last day of each month receipts showing the amounts spent that month.

Again, failure to do so will subject the operator to a fine of \$1,000.00 per day until such work is completed.

(6) Polaris shall: (i) restore to production status; (ii) properly and promptly temporarily abandon; or (iii) plug and abandon the following fourteen wells in accordance with Division rules and procedures beginning October 15, 1997 at the rate of at least one well per month to be completed by January 15, 1999:

Well Name and Number	API No.	Footage Location	Unit	Section	Township - Range
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