

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

NMOCD – ACOI- 101

**IN THE MATTER OF CONOCOPHILLIPS COMPANY,**

**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 ConocoPhillips Company ("Operator") enter into this Agreed Compliance Order ("Order") under which Operator agrees to bring wells identified herein 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 under OGRID 217817 for the wells identified in Exhibit "A," attached.
4. The wells identified in Exhibit "A":
  - a. have been continuously inactive for a period of several months;
  - b. are not properly plugged and abandoned under OCD Rule 202 [19.15.4.202 NMAC]; and
  - c. have not been placed on approved 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.

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. NMSA 1978, Section 70-2-3(A) defines “person” in relevant part as  
“any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity...”

### **CONCLUSIONS**

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. The wells identified in Exhibit “A” are either out of compliance with Rule 201 or will fall out of compliance with Rule 201 in the next several months if they are not returned to production or other beneficial use, plugged and abandoned, or placed on approved temporary abandonment status.
3. As operator of the wells identified in Exhibit “A,” Operator is responsible for bringing those wells into compliance with Rule 201.
4. Operator is a “person” as defined by OCD Rule 7.P(2) and may be 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 agrees to bring at least 18 of the wells identified in Exhibit “A” into compliance with OCD Rule 201 by July 31, 2006 by
  - (a) restoring the well to production or other OCD-approved beneficial use and filing a C-115 documenting such production or use;
  - (b) causing the wellbore to be plugged in accordance with OCD Rule 202 and filing a C-103 describing the completed work; or
  - (c) placing the well on approved temporary abandonment status pursuant to OCD Rule 203.

Transfer of a well identified on Exhibit “A” to another operator does not constitute bringing the well into compliance.

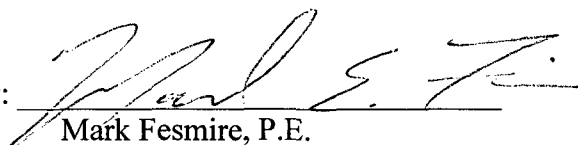
2. Operator shall file a compliance report by July 31, 2006 using the OCD's web-based on-line application, identifying each well returned to compliance, stating the date it was returned to compliance, and describing how the well was returned to compliance (restored to production or other approved beneficial use, plugged wellbore, approved temporary abandonment status).
3. When the OCD receives a timely compliance report indicating that Operator has returned at least 18 wells to compliance and verifies the accuracy of that report, the OCD shall issue an amendment to this Order extending its terms for an additional six-month period. OCD shall provide a copy of that amendment to Operator at Operator's address of record provided pursuant to OCD Rule 100.C. If, in any six-month period, Operator returns more than 18 wells to compliance, the wells in excess of the number required will count towards the Operator's requirements for the next six-month period.
4. If Operator continues to return wells to compliance at a rate of at least 18 wells each six-month period, OCD shall continue to issue amendments to this Order extending its term for an additional six-month period. The total length of this Agreed Compliance Order, including the initial six-month period and any amendments, shall not exceed two years. At the end of two years, Operator and the OCD may negotiate a new agreed compliance order.
5. If Operator fails to bring at least 18 wells into compliance in any six-month period covered by this Order or amendments issued to this Order, Operator agrees to pay a penalty of \$1000 times the number of wells it failed to bring into compliance under its schedule during the applicable six month period. In the event the Operator encounters unanticipated circumstances that prevent it from meeting its 18 well goal, Operator may file an application for hearing with the division examiner and seek a waiver or reduction of the penalty. Once Operator pays the penalty or files an application for hearing to waive or reduce the penalty, the OCD may, in its discretion, issue an amendment to this Order extending its terms for an additional six-month period.

Example A: Operator X enters into an agreed compliance order under which it agrees to bring 5 wells into compliance in a six-month period. At the end of the six-month period, Operator X has brought only 3 wells into compliance. Operator X pays the \$2000 penalty. The OCD exercises its discretion to issue an amendment extending the term of the agreed compliance order for an additional six-month period, again requiring Operator X to bring at least 5 wells into compliance. During this additional six-month period, Operator brings only one well into compliance. Operator X pays a \$4000 penalty. Although Operator X pays the \$4000 penalty, the OCD exercises its discretion and declines to issue an amendment to extend the terms of the agreed compliance order for an additional six-month period.

Example B: Operator Y enters into an agreed compliance order under which it agrees to bring 10 wells into compliance in a six-month period. Although Y has made arrangements for plugging the 10 wells, due to adverse weather conditions and mechanical difficulties with the available plugging rig, Y is able to plug only 3 wells. Y files an application for hearing seeking a waiver or reduction of the \$7000 penalty. The OCD exercises its discretion and issues an amendment to extend the terms of the agreed compliance order for an additional six-month period.

6. Thirty days after the expiration of the term of this Order and any amendments to this Order, any wells on Exhibit "A" not in compliance with OCD Rule 201 will appear on the inactive well list kept pursuant to OCD Rule 40.F.
7. By signing this Order, Operator expressly:
  - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - (b) agrees to return to compliance 18 of the wells identified in Exhibit "A" by July 31, 2006, and agrees to comply with the compliance deadlines set by any amendments to this Order;
  - (c) agrees to submit a compliance report as required in Ordering Paragraph 2 and the deadline set by any amendments to this Order;
  - (d) agrees to pay penalties as set out in Ordering Paragraph 5 if it fails to return 18 wells to compliance under the deadlines set by this Order or any amendments to this Order;
  - (e) waives 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; and
  - (f) agrees that the Order and amendments to the Order 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.
8. 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.
9. The Oil Conservation Division reserves the right to file an application for hearing to obtain authority to plug any well identified in Exhibit "A" and forfeit the applicable financial assurance if the well poses an immediate environmental threat.
10. This Order is effective February 1, 2006.

Done at Santa Fe, New Mexico this 25<sup>th</sup> day of Jan, 2006

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

**ACCEPTANCE**

ConocoPhillips Company hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

ConocoPhillips Company

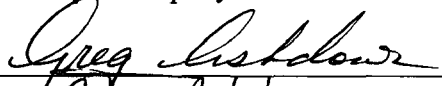
By:   
Greg Ashdown  
Title: Operations Manager - Permian  
Date: 24 Jan. 2006

EXHIBIT A TO CONOCOPHILLIPS COMPANY  
AGREED COMPLIANCE ORDER

Dist.	API	Well	COPC Well #	COPC Area	ULSTR	UL	OGRID	Operator	Lee Type	Well Type	Last Prod Date	Proposed Compliance Date	Formation/Notes	Status	Days In TA	COPC Comments
1	30-025-30886	BILBERTY 32 STATE COM #001		M	F-32-21S-32E	F	217817	CONOCOPHILLIPS COMPANY	S	G	10/1/2004					To be evaluated.
1	30-025-26514	EAST VACUUM (GSA) UNIT #001	#0546-001	B	2-5 -18S-35E	B	217817	CONOCOPHILLIPS COMPANY	S	O	3/1/2004					Well Shut In, producing 98% CO2, no O/G. Plant at capacity.
1	30-025-08524	EAST VACUUM (GSA) UNIT #001	#2717-001	B	I-27-17S-35E	I	217817	CONOCOPHILLIPS COMPANY	S	O	Feb-05					Won't flow. To be evaluated. No artificial lift and uneconomical to add artificial lift.
1	30-025-02858	EAST VACUUM (GSA) UNIT #002	#2271-002	B	P-22-17S-35E	P	217817	CONOCOPHILLIPS COMPANY	S	O	5/1/2004					Hole in tubing needs repair. 2 bbl/day well.
1	30-025-02859	EAST VACUUM (GSA) UNIT #002	#2335-002	B	M-23-17S-35E	M	217817	CONOCOPHILLIPS COMPANY	S	O	Feb-05		GRAYBURG SAN ANDRES			Hole in tubing, to be evaluated
1	30-025-30019	EAST VACUUM (GSA) UNIT #003	#3374-003	B	L-33-17S-35E	L	217817	CONOCOPHILLIPS COMPANY	S	O	10/1/2003					Well Shut In, producing 98% CO2, no O/G. Plant at capacity.
1	30-025-30016	EAST VACUUM (GSA) UNIT #004	#3374-004	B	L-33-17S-35E	L	217817	CONOCOPHILLIPS COMPANY	S	O	12/1/2003					No pump action - to repair. Producing 98% CO2, no O/G. Plant at capacity.
1	30-025-27329	EAST VACUUM (GSA) UNIT #004	#1903-004	B	4-19-17S-35E	M	217817	CONOCOPHILLIPS COMPANY	S	I	12/1/2003					Tubing/Packer Leak
1	30-025-03019	EAST VACUUM (GSA) UNIT #004	#3456-004	B	F-34-17S-35E	F	217817	CONOCOPHILLIPS COMPANY	S	O	Nov-04		GRAYBURG-SAN ANDRES			Planning to convert to injection
1	30-025-27338	EAST VACUUM (GSA) UNIT #004	#1910-004	B	P-19-17S-35E	P	217817	CONOCOPHILLIPS COMPANY	S	I	12/1/2004					Injection well needs stimulation to take water.
1	30-025-26389	EAST VACUUM (GSA) UNIT #006	#3315-006	B	J-33-17S-35E	J	217817	CONOCOPHILLIPS COMPANY	S	I	Apr-02		TA EXPIRES 7-18-08			Reactivated as an injector in 10/05-Sundry submitted 10/05/05, Prod. Acctg. to resolve w/field (11/17/05)
1	30-025-26682	EAST VACUUM (GSA) UNIT #007	#3333-007	B	H-33-17S-35E	H	217817	CONOCOPHILLIPS COMPANY	S	O	1/1/2004		GB/SA			Tubing Leak. Economics to be evaluated.
1	30-025-26396	EAST VACUUM (GSA) UNIT #007	#2913-007	B	I-29-17S-35E	I	217817	CONOCOPHILLIPS COMPANY	S	I	9/1/2004					Injection data in 8/05. Need to resolve with Production Accounting. 11/15/05-Well Status Chg. To Injecting
1	30-025-24675	EAST VACUUM (GSA) UNIT #008	#2672-008	B	B-26-17S-35E	B	217817	CONOCOPHILLIPS COMPANY	S	O	2/1/2004		GRAYBURG SAN ANDRES			Well Shut In, producing 98% CO2, no O/G. Plant at capacity.
1	30-025-26656	EAST VACUUM (GSA) UNIT #008	#3315-008	B	I-33-17S-35E	I	217817	CONOCOPHILLIPS COMPANY	S	I	Mar-05					Casing Leak. To be repaired.
1	30-025-30280	EAST VACUUM (GSA) UNIT #012	#3229-012	B	L-32-17S-35E	L	217817	CONOCOPHILLIPS COMPANY	S	O	3/1/2004					Well Shut In, producing 98% CO2, no O/G. Plant at capacity. To be converted to injection.
1	30-025-26781	EAST VACUUM (GSA) UNIT #015			O-28-17S-35E	O	217817	CONOCOPHILLIPS COMPANY	S	I	Apr-05					Well Shut In, producing 98% CO2, no O/G. Plant at capacity.
1	30-025-32067	EAST VACUUM (GSA) UNIT #020	#3202-020	B	P-32-17S-35E	P	217817	CONOCOPHILLIPS COMPANY	S	O	8/1/2004					Well Shut In, producing 98% CO2, no O/G. Plant at capacity.
1	30-025-02879	EAST VACUUM (GSA) UNIT #030	#2622-030	B	E-26-17S-35E	E	217817	CONOCOPHILLIPS COMPANY	S	O	2/1/2002					Re-activated 04/29/04-Well Status Change w/test submitted-Prod. Acctg. to resolve w/field (11/17/05)
1	30-025-03041	EAST VACUUM (GSA) UNIT #039	#0449-039	B	4-4 -18S-35E	D	217817	CONOCOPHILLIPS COMPANY	S	O	1/1/2003		GSA / LATERAL DRILL 602 / NONPRODUCTIVE			P&A'd 12/22/05. Make sure sundry has been submitted.
1	30-025-20314	EAST VACUUM (GSA) UNIT #086	#2622-086	B	C-26-17S-35E	C	217817	CONOCOPHILLIPS COMPANY	S	O	11/1/2003		GRAYBURG SAN ANDRES			Stuck Pump - to be repaired
1	30-025-32861	EAST VACUUM (GSA) UNIT #383	#3345-383	B	N-33-17S-35E	N	217817	CONOCOPHILLIPS COMPANY	S	I	Mar-05		SAN ANDRES			11/15/05-Well Status Chg. - injecting, well problems fixed
1	30-025-02141	LEA #004			I-29-17S-34E	I	217817	CONOCOPHILLIPS COMPANY	S	I	Apr-05		ACT 10/01 - RPTD SION C115'S			
1	30-025-02143	LEA #006	M		O-29-17S-34E	O	217817	CONOCOPHILLIPS COMPANY	S	I	7/1/2004		REACTIVATED 10/01; RPTG 0 VOLS 9/98+			Well requires injection line repair. Review economics. Started manual injection 12/05. Field to get with Prod. Acctg.
1	30-025-02147	LEA #014	M		F-29-17S-34E	F	217817	CONOCOPHILLIPS COMPANY	S	O	7/1/2003		GRAYBURG SAN ANDRES			To be evaluated for P&A or reactivation
1	30-025-01435	LEAMEX #009	M		O-16-17S-33E	O	217817	CONOCOPHILLIPS COMPANY	S	O	3/1/2002					To P&A in first half of 2006

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Dist.	API	Well	COPC Well #	COPC Area	ULSTR	UL	OGRID	Operator	Lee Type	Well Type	Last Prod Date	Proposed Compliance Date	Formation/Notes	Status	Days in TA	COPC Comments
1	30-025-24542	LEAMEX #018		M	L-15-17S-33E	L	217817	CONOCOPHILLIPS COMPANY	S	O	5/1/2001		GRAYBURG SAN ANDRES			Reactivated May 2005, Well Status Change submitted w/1st. (Prod. Acctg. to resolve w/field-11/17/05)
1	30-025-26222	LEAMEX #021		M	N-22-17S-33E	N	217817	CONOCOPHILLIPS COMPANY	S	O	12/1/2003					To be evaluated for Grayburg/San Andres recompletion in 2006
1	30-025-30448	LEAMEX #047		M	L-25-17S-33E	L	217817	CONOCOPHILLIPS COMPANY	S	O	10/1/2004					To be evaluated
1	30-025-06789	LOCKHART A 27 #013		H	E-27-21S-37E	E	217817	CONOCOPHILLIPS COMPANY	F	O	Feb-05					Decision has been made to reactivate in 1st qtr of 2006
1	30-025-04832	LOCKHART A 30 #001		H	H-30-21S-36E	H	217817	CONOCOPHILLIPS COMPANY	F	G	8/1/2003					Decision has been made to reactivate in 1st qtr of 2006
1	30-025-07034	LOCKHART B 35 #003		H	H-35-21S-37E	H	217817	CONOCOPHILLIPS COMPANY	F	O	12/1/2004					July 05 well test. Should be active. Status Change to be submitted to Prod. Acctg. w/1st.
1	30-025-08054	MCA UNIT #048		M	H-20-17S-32E	H	217817	CONOCOPHILLIPS COMPANY	F	I	Dec-04					Circulating internally to P&A
1	30-025-08035	MCA UNIT #060		M	I-19-17S-32E	I	217817	CONOCOPHILLIPS COMPANY	F	O	4/1/2004					To P&A in 2006
1	30-025-31100	MCA UNIT #386		M	F-29-17S-32E	F	217817	CONOCOPHILLIPS COMPANY	F	I	Jan-05					To replace flowline in 1st qtr of 2006.
1	30-025-35142	MCA UNIT #387		M	K-27-17S-32E	K	217817	CONOCOPHILLIPS COMPANY	F	O	9/1/2003		G-SA / HORIZONTAL DRILL			To be reactivated
1	30-025-23457	PHILLIPS E STATE #012			M-10-17S-33E	M	217817	CONOCOPHILLIPS COMPANY	S	I	Apr-05		GRAYBURG-SAN ANDRES			
1	30-025-30069	PHILMEX #028		M	L-26-17S-33E	L	217817	CONOCOPHILLIPS COMPANY	S	O	7/1/2002					To be evaluated
1	30-025-06251	SEMU PERMIAN #035		H	G-24-20S-37E	G	217817	CONOCOPHILLIPS COMPANY	F	I	7/1/2001					To be P&A'd
1	30-025-08085	SEMU PERMIAN #043		H	L-13-20S-37E	L	217817	CONOCOPHILLIPS COMPANY	F	O	7/1/2002					To be reactivated
1	30-025-35156	STATE 25-A #005			P-25-20S-37E	P	217817	CONOCOPHILLIPS COMPANY	S	O	Apr-05		STRAWN			
1	30-025-26819	STATE KN 12 #007		H	O-12-19S-36E	O	217817	CONOCOPHILLIPS COMPANY	S	G	11/1/2003					To be evaluated for artificial lift.
1	30-025-08548	VACUUM ABO UNIT #001	Tr. 5	B	J-26-17S-35E	J	217817	CONOCOPHILLIPS COMPANY	S	O	Mar-05		ABO			Rods parted. To be repaired. Low volume
1	30-025-02991	VACUUM ABO UNIT #005	Tr.11	B	O-33-17S-35E	O	217817	CONOCOPHILLIPS COMPANY	S	O	2/1/2004		ABO REEF			To evaluate to P&A
1	30-025-03005	VACUUM ABO UNIT #065	Tr.6	B	B-34-17S-35E	B	217817	CONOCOPHILLIPS COMPANY	S	O	7/1/2004					Parted - to be repaired
1	30-025-08523	VACUUM ABO UNIT #070	Tr.6	B	G-26-17S-35E	G	217817	CONOCOPHILLIPS COMPANY	S	O	12/1/2003					Stuck Pump - to be repaired
1	30-025-20834	VACUUM GLORIETA EAST UNIT #001	Tr. 10	B	B-28-17S-35E	B	217817	CONOCOPHILLIPS COMPANY	S	O	7/1/1978		GLORIETA			TA'd since 1979, need to evaluate for P&A. MIT due 2/06
1	30-025-20795	VACUUM GLORIETA EAST UNIT #001J	Tr. 15	B	J-30-17S-35E	J	217817	CONOCOPHILLIPS COMPANY	S	O	9/1/2001					Reactivated 12/17/04 -Prod. Acctg. to resolve w/field to allocate production (11/17/05).
1	30-025-20582	VACUUM GLORIETA EAST UNIT #002	Tr. 12	B	M-27-17S-35E	M	217817	CONOCOPHILLIPS COMPANY	S	O	4/1/2004		GLORIETA			To repair pumping unit
1	30-025-20714	VACUUM GLORIETA EAST UNIT #004	Tr. 1	B	I-28-17S-35E	I	217817	CONOCOPHILLIPS COMPANY	S	O	12/1/2003		GLORIETA			Parted - to be repaired
1	30-025-30437	VACUUM GLORIETA EAST UNIT #006	Tr. 1	B	O-28-17S-35E	O	217817	CONOCOPHILLIPS COMPANY	P	O	1/1/2004		GLORIETA			Parted - to be repaired
1	30-025-09487	VAUGHAN B 1 #001		H	H-1-24S-36E	H	217817	CONOCOPHILLIPS COMPANY	F	G	Jan-05					To be evaluated for reactivation or P&A
1	30-025-25571	VAUGHAN B 1 #007		H	H-1-24S-36E	H	217817	CONOCOPHILLIPS COMPANY	F	O	11/1/2004					To be evaluated for reactivation or P&A.

**EXHIBIT A TO CONOCOPHILLIPS COMPANY**

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