

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

NMOCD - ACOI 177-B

IN THE MATTER OF JOHN H. HENDRIX CORP.,

Respondent.

**SECOND AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 5 of Agreed Compliance Order 177, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 177 ("ACOI 177" or "Order") required John H. Hendrix Corporation ("Operator") to return to compliance with OCD Rule 201 at least four of the wells identified in the Order by December 1, 2008, and file a compliance report by that date.

2. ACOI 177 provides if OCD receives a timely compliance report indicating that Operator has returned at least four of the wells to compliance and verifies the accuracy of that report, the OCD would issue an amendment to the Order extending its terms for an additional six-month period, requiring Operator to return to compliance by that date four additional wells identified in the Order, provided that the total length of the Order, including the initial six-month period and any amendments, would not exceed two years.

3. ACOI 177 further provides that if Operator fails to bring the number of wells into compliance required in a period covered by the Order or amendments issued to the Order, Operator is subject to a penalty of \$1,000 for each well it fell short of its goal by and the OCD may exercise discretion in determining whether to issue an amendment to the ACOI extending its terms for an additional six-month period.

4. Operator filed a timely compliance report, and the OCD verified that the following wells identified in the Order were returned to compliance by December 1, 2008:

- | | |
|--------------------------|--------------|
| • Cordelia Hardy No. 002 | 30-025-06890 |
| • Will Cary No. 006 | 30-025-10411 |

5. Although Operator failed to meet its compliance goal for the December 1, 2008 period by two wells, OCD waived the penalty and exercised its discretion and John H. Hendrix Corporation OGRID 12024 .

ACOI 177-B

amended ACOI 177, extending its terms for an additional six-month period and requiring Operator to bring four additional wells identified in the ACOI into compliance by June 1, 2009.

6. Operator filed a timely compliance report, and the OCD has verified that OCD records indicate that Operator has returned the following three wells identified in the Order to compliance by June 1, 2009.

- | | | |
|---|-----------------------------|--------------|
| • | Cooper 8 No. 008 | 30-025-04244 |
| • | New Mexico AB State No. 003 | 30-025-24573 |
| • | Paddock Unit No. 083 | 30-025-10243 |

CONCLUSIONS

1. Operator failed to meet its goal of returning four of the wells identified in the Order to compliance by June 1, 2009, falling short by one well.

2. Operator paid a \$1,000 penalty that it was subject to under the terms of ACOI 177 for failing to meet its four wells compliance goal by one well.

3. OCD should exercise its discretion and amend ACOI 177 to extend its terms through December 1, 2009, requiring Operator to return to compliance by that date the remaining wells identified in the Order.

ORDER

1. Operator shall return to compliance by December 1, 2009 the remaining wells identified in the Order that are not identified in Findings Paragraphs 4 and 6, above.

2. Operator shall file a written compliance report by December 1, 2009 identifying the wells returned to compliance in the period, 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). The written compliance report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager (email: daniel.sanchez@state.nm.us) and Assistant General Counsel Sonny Swazo (email: sonny.swazo@state.nm.us) so that it is received by the compliance deadline of December 1, 2009.

3. The terms of ACOI 177 otherwise remain in effect.

Done at Santa Fe, New Mexico this 15th day of June, 2009

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division

John H. Hendrix Corporation OGRID 12024

ACOI 177-B

Page 2 of 2