

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

NMOCD ACOI 210-C

IN THE MATTER OF VPR OPERATING, LLC,

Respondent.

**THIRD AMENDED
INACTIVE WELL AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 4 of Inactive Well Agreed Compliance Order 210, the Director of the Oil Conservation Division (“OCD”) hereby amends that order as follows:

FINDINGS

1. Inactive Well Agreed Compliance Order 210 (“ACOI 210” or “Order”) required VPR Operating, LLC (“Operator”) to return to compliance with OCD Rule 19.15.25.8 NMAC at least one of the wells identified in the Order by January 17, 2010 and file a compliance report by that date.

2. ACOI 210 provided that if Operator returned to compliance with OCD Rule 19.15.25.8 NMAC at least one of the wells identified in the Order by January 17, 2010, filed a timely compliance report, and was in compliance with OCD’s financial assurance requirements, the OCD would issue an amendment extending the terms of ACOI 210 for a second six-month period, requiring Operator to return at least two additional wells identified in the Order to compliance by that deadline.

3. Operator filed a timely compliance report, and the OCD verified that the following well identified in the Order was returned to compliance in the first six-month period:

- Pearl Marr #004 30-025-27145

4. Because Operator returned at least one well identified in the Order to compliance for the first six-month period, OCD amended the Order to extend its terms by six months, requiring Operator to bring at least two additional wells identified in the Order to compliance by July 17, 2010.

5. Operator has filed a timely compliance report for the second six-month period, and OCD records indicate that Operator has returned the following three wells identified in the Order to compliance:

- Malmar Unit #107 30-025-00536
- Malmar Unit #410 30-025-01311
- Malmar Unit #414 30-025-01301

6. ACOI 210 provides that if Operator returns at least two additional wells identified in the Order to compliance in the second six-month period, files a timely compliance report and is in compliance with OCD's financial assurance requirements, OCD shall issue an amendment to this Order extending its terms for a third six-month period, requiring Operator to return at least four additional wells identified in the Order to compliance by that deadline.

7. ACOI 210 further provides that if, in any six-month period, Operator returns more wells to compliance than the number required under this Order for that six-month period, the wells in excess of the number required will count towards the Operator's requirements for the next six-month period.

CONCLUSIONS

1. Operator has met its goal of returning at least two additional wells from the Order to compliance by July 17, 2010, and exceeded that goal by one well.

2. The OCD should amend ACOI 210 to extend its terms through January 17, 2011, and require Operator to return to compliance by that date at least three additional wells identified in the Order that are not identified in Findings Paragraph 3 and 5, above, to meet its compliance goal of four wells for the third six-month period.

ORDER

1. Operator shall return to compliance by January 17, 2011 at least three additional wells identified in the Order that are not identified in Findings Paragraphs 3 and 5, above, to meet its compliance goal of four wells for the third six-month period.

2. Operator shall file a written compliance report by January 17, 2011 identifying the wells returned to compliance in the third 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 January 17, 2011.

3. The terms of ACOI 210 otherwise remain in effect.

Done at Santa Fe, New Mexico this 23rd day of July, 2010.

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division