



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

NMOCD - OGA 04- 19

**IN THE MATTER OF BURLINGTON RESOURCES OIL & GAS COMPANY
LP,
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 **BURLINGTON RESOURCES OIL & GAS COMPANY LP** ("Operator"), enter into this Order under which Operator agrees that the wells identified herein shall be brought 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, subject to the terms of this Order, 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 Limited Partnership doing business in the state of New Mexico.
3. Operator is the operator of record for the wells identified in Exhibit "A," attached.
4. The wells identified in Exhibit "A":
 - a. have been continuously inactive for a period of one year plus ninety days;
 - b. are not properly plugged and abandoned under OCD Rule 202 [19.15.4.202 NMAC]; and
 - c. have not been placed on 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. OCD Rule 7.P (2) [19.15.1.7.P (2) NMAC] defines “person” as

“an individual or any other entity including partnerships, corporation, associations, responsible business or association agents or officers, the state or a political subdivision of the state or any agency, department or instrumentality of the United States and any of its officers, agents or employees.”

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. As operator of the wells identified in Exhibit “A,” Operator is responsible for bringing those wells into compliance with Rule 201.
3. Operator is a “person” as defined by OCD Rule 7.P(2) subject to civil penalties in the event of knowing and willful violations of the Oil and Gas Act or rules or orders adopted pursuant to the Act.

ORDER

1. Operator is hereby directed to bring each of the wells identified in Exhibit “A” into compliance with OCD Rule 201 by either:
 - (a) restoring such well to production or other OCD-approved beneficial use by February 28, 2005;
 - (b) causing the wellbore to be plugged in accordance with OCD Rule 202 by February 28, 2005, and causing the site to be remediated in accordance with OCD Rule 202 within one year of plugging the wellbore; or
 - (c) securing OCD approval for temporary abandonment of the well in accordance with OCD Rule 203 by February 28, 2005.
2. Operator shall plug, temporarily abandon or restore to production or other approved beneficial use a minimum of four (4) wells in June , and an

additional eight (8) wells each following month so that all sixty-eight (68) of the wells identified in Exhibit "A" are plugged, temporarily abandoned or restored to production or other beneficial use by February 28, 2005 . If more than the required number of wells are plugged, temporarily abandoned or restored to production or other approved beneficial use during any month, the wells in excess of the number agreed to herein shall be credited to Operator's obligation hereunder for succeeding months, provided that all of the wells identified in Exhibit "A" shall be plugged, temporarily abandoned or restored to production or other approved beneficial use by February 28, 2005 according to the following schedule (hereinafter "schedule"):

<u>Date:</u>	<u>Total number of wells:</u>
By the last day of June, 2004	4
By the last day of July, 2004	12
By the last day of August, 2004	20
By the last day of September 2004	28
By the last day of October 2004	36
By the last day of November 2004	44
By the last day of December 2004	52
By the last day of January 2005	60
By the last day of February 2005	68

final date: February 28, 2005

3. A well shall be considered "plugged" for purposes of the schedule set out in Ordering Paragraph (2), above, when the Operator has plugged the wellbore in accordance with Rule 202.A and B (1) and (2), and filed a sundry notice with the appropriate district office notifying them that the wellbore has been plugged. The wellsite must be remediated in accordance with Rule 202.B.(3) within one year of plugging the wellbore. Upon completion of the remediation, the Operator must contact the appropriate district office to arrange for an inspection of the well and location.
4. A well shall be considered "temporarily abandoned" for purposes of the schedule set out in Ordering Paragraph (2), above, when the well has successfully passed the mechanical integrity test required by Rule 203 and the Operator has filed the request for temporary abandonment with the appropriate district office.
5. A well shall be considered "restored to production or other approved beneficial use" for purposes of the schedule set out in Ordering Paragraph (2), above, when actual production or other approved beneficial use has commenced.
6. Operator shall file a written compliance report with the appropriate district office, and send a copy to the OCD's attorney, by the 10th day of each month starting

with July listing the wells identified in Exhibit "A" that it has plugged, temporarily abandoned or restored to production or other approved beneficial use and the date that work was completed. Operator shall file monthly compliance reports until all wells identified in Exhibit "A" have been plugged, temporarily abandoned or restored to production or other approved beneficial use. If, at any time, the OCD determines that a well identified in the Operator's compliance report is not plugged, temporarily abandoned or restored to production or other approved beneficial use according to the definitions set out in this Order, the OCD shall promptly notify the Operator, and those wells shall not be credited toward the Operator's obligations under this Order until they are plugged, temporarily abandoned or restored to production or other approved beneficial use as defined in this Order.

7. If, at the end of any month, the total number of wells the Operator has plugged, temporarily abandoned or restored to production or other beneficial use is less than the number required under the schedule, Operator shall have a one-month grace period in which to become current. If, at the end of that one-month grace period, Operator has not become current under the schedule, Operator shall pay a penalty of \$1000 times the number of wells it is short of the total required for the current month. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the appropriate district office with the next month's report. Penalties are calculated, and payable, each month.

Example A: ABC Company's agreed compliance order requires it to plug, temporarily abandon or restore to production or other approved beneficial use a minimum of 6 wells each month. ABC Company meets or exceeds its obligations in months 1-4. The agreed schedule calls for a total of 30 wells to be plugged, temporarily abandoned or restored to production or other approved beneficial use by the end of month 5. But at the end of month 5, ABC Company is two wells behind schedule. ABC Company will have a one-month grace period in which to become current. At the end of month 6, however, ABC Company has plugged, temporarily abandoned or restored to production or other approved beneficial use a total of 35 wells: one well short of the 36 required by the schedule. ABC Company must pay a penalty of \$1000 when it files its report for month 6. At the end of month 7, ABC Company is 4 wells short of the 42 required by the schedule. ABC Company must pay a penalty of \$4000 when it files its report for month 7.

Example B: XYZ Company's agreed compliance order requires it to plug, temporarily abandon or restore to production or other approved beneficial use a minimum of 5 wells each month. XYZ Company files compliance reports each month indicating that it is meeting its agreed schedule. In month 3, the OCD inspects the site of one of the wells listed as "plugged" in XYZ Company's compliance report for month 1, and determines that the wellbore has not been properly plugged under Rule 202.B(2) because the marker has not been placed on

the site. Because the well has not been properly "plugged" as defined by this Order, it will not count towards fulfilling XYZ Company's obligations under the schedule. XYZ Company will be responsible for calculating, and paying, any additional penalties that apply.

8. If Operator fails to plug, temporarily abandon or restore to production or other approved beneficial use all the wells identified in Exhibit "A" by February 28, 2005, Operator shall pay a penalty of \$2000 per well for each full month the well remains out of compliance with this Order after that date. No grace period applies. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the appropriate district office with the next month's report. Penalties are calculated, and payable, each month.
9. In the event Operator encounters unanticipated circumstances (including, but not limited to inclement weather, or shortages in labor or equipment), which, in the reasonable opinion of Operator, are likely to significantly disrupt or suspend the schedule of operations set forth in Ordering Paragraph (2) above, then Operator shall have the right to notify the OCD in writing of such circumstances and request an amendment to this Order. Such notification ("Notice") shall:
 - (i) reasonably describe the unanticipated circumstances encountered by Operator;
 - (ii) identify those wells on Exhibit "A" hereto affected or expected to be affected by such unanticipated circumstances; and
 - (iii) set forth a revised schedule, which, in the reasonable and prudent opinion of Operator, is necessary to plug, temporarily abandon or restore to production or other approved use those wells on Exhibit "A" hereto affected or expected to be affected by such unanticipated circumstances.

Within ten (10) days of receipt of the Notice, the OCD shall either (A) approve a written amendment to this Order incorporating the revised schedule submitted by Operator, or (B) notify Operator that the revised schedule is not acceptable, but in such event promptly agree to meet with Operator at the OCD district offices and negotiate in good faith in an attempt to reach a reasonable resolution of the situation. If the Operator and the OCD are unable to agree to amend this Order, the Operator may apply for a hearing before an OCD examiner and request an amendment to the Order revising the schedule. The Operator may also request that the examiner waive penalties accrued pursuant to this Order after the filing of the Notice as to those wells identified in the Notice.

Operator and the OCD each recognize that the purpose of this provision is to address unanticipated circumstances which the Operator, acting in good faith and

as a reasonably prudent operator, could not reasonably expect to remedy under the thirty (30) day grace provision described in Ordering Paragraph (7) above.

10. For each plugged well, if the Operator fails to remediate the site and request inspection by the appropriate district office within one year of plugging the wellbore, the Operator shall pay a penalty of \$1000 for each full month that the well remains out of compliance with the remediation requirements of Rule 202.B(3). No grace period applies. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the appropriate district office. Penalties are calculated, and payable, each month.
11. By signing this Order, Operator expressly:
 - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - (b) agrees to plug, temporarily abandon or restore to production or other approved beneficial use the wells identified in Exhibit "A" under the schedule set out in Ordering Paragraph (2) or an amended schedule issued pursuant to Ordering Paragraph (9) above, and remediate plugged wells within one year of plugging the wellbore as set out in Ordering Paragraph (3);
 - (c) agrees to file monthly compliance reports as required in Ordering Paragraph (6);
 - (d) agrees to pay penalties as set out in Ordering Paragraphs (7) (8) and (10) if it fails to meet the schedule set out in Ordering Paragraph (2) or an amended schedule issued pursuant to Ordering Paragraph (9) above, or the remediation requirements set out in Ordering Paragraph (3);
 - (e) waives, subject to the provisions of Ordering Paragraph (9) above, 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 issued pursuant to Paragraph (9) above 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 entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.
12. 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.

Done at Santa Fe, New Mexico this 21st day of June 2004

By: Paul E. Fisher
Director, Oil Conservation Division

ACCEPTANCE

BURLINGTON RESOURCES OIL & GAS COMPANY LP hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

BURLINGTON RESOURCES OIL & GAS COMPANY LP,

By: BROG GP Inc., its sole General Partner

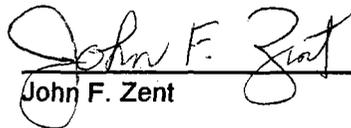
By: John F. Zait ^{gp}
Title: General Manager Compliance
Date: June 10, 2004

EXHIBIT "A"
BURLINGTON RESOURCES OIL AND GAS COMPANY LP
AGREED COMPLIANCE ORDER WELL LIST

30-045-29969	NONE	ALLISON UNIT #067	K-11-32N-07W	*16M
30-045-29963	07-2000	ALLISON UNIT #070	P-24-32N-07W	*16M
30-045-29446	10-2002	ANGEL PEAK B #014R	G-13-28N-11W	*16M
30-045-21098	08-2000	ATLANTIC D COM L #013	I-16-30N-10W	*16M
30-045-25770	05-2001	AZTEC SRC #009	N-14-28N-11W	*16M
30-045-11424	02-2002	BARKER DOME #010	J-15-32N-14W	*16M
30-045-30382	03-2002	CARLE #001B	E-20-30N-11W	*16M
30-045-30469	06-2002	COOPER #006R	3-06-29N-11W	*16M
30-045-27304	09-2001	CULPEPPER MARTIN #102	K-21-32N-12W	*16M
30-045-30715	09-2002	DAVIS #505S	9-12-31N-12W	*16M
30-045-10637	04-2002	EAST #006	2-23-31N-12W	*16M
30-045-29209	02-1999	FEASEL #002R	2-02-27N-10W	*16M
30-045-30499	NONE	GALT A #001R	G-06-27N-10W	*16M
30-045-20427	07-2002	GRENIER #018	J-13-31N-12W	*16M
30-045-23718	08-2000	HARGRAVE #002R	I-09-27N-10W	*16M
30-045-09669	12-1999	HARVEY #001	L-09-30N-11W	*16M
30-045-23308	03-2001	HILL SRC #005	B-10-29N-08W	*16M
30-045-20130	01-2002	HOWELL K #002R	M-22-30N-08W	*16M
30-045-06159	12-2000	HUERFANITO UNIT #050	E-36-27N-09W	*16M
30-045-06148	05-2001	HUERFANITO UNIT #074	G-34-27N-09W	*16M
30-045-30504	NONE	HUERFANO UNIT #055R	H-27-26N-09W	*16M
30-045-20778	06-2000	HUERFANO UNIT #211	F-10-26N-10W	*16M
30-045-26265	09-2002	HUERFANO UNIT #244E	A-19-26N-10W	*16M
30-045-26232	06-2000	HUERFANO UNIT NP #194E	N-16-26N-10W	*16M
30-039-22042	09-2001	JICARILLA 153 #019	L-36-26N-05W	*16M
30-045-26940	NONE	JOHNSTON FEDERAL #022	2-33-31N-09W	
30-045-07129	12-2002	KUTZ DEEP TEST #002	P-28-28N-10W	*16M
30-045-28867	10-1999	MADDOX COM #777	I-17-30N-08W	*16M
30-045-24673	11-2000	MANGUM #001E	F-27-29N-11W	*16M
30-045-29356	12-2002	MARTIN #001R	12-34-30N-11W	*16M
30-045-30824	NONE	MCMANUS #007R	9-31-26N-08W	*16M
30-039-23718	09-2002	MEDIO CANYON #008	C-25-24N-04W	*16M
30-045-08689	03-2002	MURPHY A COM #001	L-02-29N-11W	*16M
30-045-05913	08-2002	NEWSOM B #003	L-08-26N-08W	*16M
30-045-24198	02-2000	PHILLIPS COM #001E	K-23-31N-13W	*16M
30-045-21604	09-2001	PINON MESA A #001	1-36-31N-14W	*16M
30-045-21608	01-1999	PINON MESA B #001	L-25-31N-14W	*16M
30-045-23522	07-2002	REESE MESA #005	C-13-32N-08W	*16M
30-045-26977	09-2002	REESE MESA #101	P-13-32N-08W	*16M
30-045-28964	09-2001	RHODES C #101	N-30-28N-11W	*16M
30-045-06647	09-2000	ROWLEY #003	I-07-27N-10W	*16M
30-045-11996	06-2000	SAN JACINTO #005	E-21-29N-10W	*16M
30-039-06845	06-2002	SAN JUAN 27 4 UNIT #004	A-31-27N-04W	*16M
30-039-21006	12-2002	SAN JUAN 27 4 UNIT #114	I-29-27N-04W	*16M
30-039-21045	07-2001	SAN JUAN 27 4 UNIT #115	F-32-27N-04W	*16M
30-039-24542	09-2001	SAN JUAN 28 4 UNIT NP #202	3-18-28N-04W	*16M
30-039-07113	11-2001	SAN JUAN 27 5 UNIT #077	O-08-27N-05W	*16M
30-039-26569	01-2002	SAN JUAN 27 5 UNIT #135R	O-26-27N-05W	*16M

EXHIBIT "A"
BURLINGTON RESOURCES OIL AND GAS COMPANY LP
AGREED COMPLIANCE ORDER WELL LIST

30-039-20821	01-2003	SAN JUAN 27 5 UNIT #186	1-18-27N-05W	*16M
30-039-06860	10-2002	SAN JUAN 27 5 UNIT NP #073	O-30-27N-05W	*16M
30-039-25287	03-2002	SAN JUAN 28 5 UNIT NP #228	1-24-28N-05W	*16M
30-039-25268	03-2002	SAN JUAN 29 7 UNIT #519	B-08-29N-07W	*16M
30-039-24914	05-2001	SAN JUAN 29 7 UNIT NP #581	K-01-29N-07W	*16M
30-039-07837	12-2002	SAN JUAN 30 6 UNIT #044	N-15-30N-06W	*16M
30-039-26448	12-2002	SAN JUAN 30 6 UNIT #135	O-27-30N-06W	*16M
30-039-26334	09-2000	SAN JUAN 30 6 UNIT #136	C-11-30N-06W	*16M
30-039-24247	11-2002	SAN JUAN 30 6 UNIT #441	A-31-30N-06W	*16M
30-039-24634	08-2002	SAN JUAN 30 6 UNIT #447	G-31-30N-07W	*16M
30-039-24948	01-2002	SAN JUAN 30 6 UNIT #499	K-30-30N-07W	*16M
30-045-24200	09-2000	SAN JUAN 32 9 UNIT #063A	P-36-32N-09W	*16M
30-045-24816	05-2001	SOUTHEAST CHA CHA UNIT #038	L-22-28N-13W	*16M
30-045-11608	01-2003	STATE #001	K-16-27N-09W	*16M
30-045-29964	01-2001	SUSCO 16 STATE #002	M-16-32N-08W	*16M
30-045-25111	12-2002	TALIAFERRO #008	5-31-31N-12W	*16M
30-045-20509	04-2002	THOMPSON #013	F-28-31N-12W	*16M
30-045-06456	06-2002	TURNER B COM C #008	P-16-27N-09W	*16M
30-045-29936	NONE	VASALY COM #002	B-22-30N-11W	*16M
30-045-25474	01-2003	ZACHRY #036	K-35-29N-10W	*16M



John F. Zent

6/16/04
Date

General Manager, Compliance

Burlington Resources Oil & Gas Company LP