

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

**IN RE EMPIRE NEW MEXICO, LLC**

**NMOCD-ACOI-201969**

**AGREED COMPLIANCE ORDER FOR INACTIVE WELLS**

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and Empire New Mexico, LLC ("Operator") OGRID 330679, enter into this Agreed Compliance Order for Inactive Wells ("ACOI").

1. OCD is charged with the administration and enforcement of the Oil and Gas Act and its rules and has jurisdiction over Operator and its wells in the state of New Mexico.
2. Operator requests transfer of operatorship of forty-one (41) wells from XTO Energy Inc. ("XTO") OGRID 5380, which are currently in unapproved temporary abandonment pursuant to 19.15.25.8 NMAC.
3. Operator also identified fifty-six (56) wells currently registered to Operator which have been inactive for at least nine months and require maintenance to come into or remain in compliance.
4. The cumulative wells ("Wells"), identified in **Exhibit A**, are subject to the compliance deadlines specified in **Exhibit A**.
5. OCD is authorized to impose sanctions for violations of the Oil and Gas Act and its rules, including denial or revocation of registrations, applications, permits, authorizations and transfers, and the assessment of civil penalties. *See* 19.15.5.10 NMAC.
6. Operator requests this ACOI to avoid sanctions for violating the Oil and Gas Act, 19.15.5.9 NMAC and 19.15.25 NMAC with respect to the Wells.
7. Operator accepts and acknowledges responsibility for any and all costs associated with plugging and abandonment and remediation of the Wells and any associated facilities. Specifically, Operator acknowledges its responsibility for any remediation required under 19.15.29 NMAC.
8. Operator must file Change of Operator forms (C-145) for all Wells identified in **Exhibit A** and currently registered to another operator within 15 days of the execution of this Order.

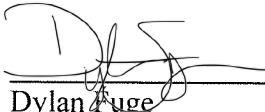
9. No later than 15 days after execution of this ACOI, Operator shall open an escrow account according to the following terms:
  - a. The escrow account shall be located in New Mexico and be subject only to New Mexico law;
  - b. Operator shall deposit one million dollars (\$1,000,000) into the escrow account;
  - c. Operator shall not retain the ability to withdraw funds from the escrow account without the written agreement of the OCD. This restriction shall apply to any of Operator's agents, assigns, contractors, or successors in interest;
  - d. No later than 30 days after execution of this ACOI, Operator shall provide documentation of the escrow account to OCD, to include relevant account information, identification of the escrow agent, and a copy of the escrow agreement;
  - e. The OCD may withdraw escrow funds from the account only for the purposes of OCD's plugging and abandonment, restoration, or remediation of wells or associated facilities identified in **Exhibit A**, or for reimbursement of expenses for the same, and at least 30 days after OCD notifies Operator in writing of its intent to withdraw funds;
  - f. No more often than once every 90 days after execution of this ACOI, Operator may request release of escrow funds from the account in the amount of ten thousand dollars (\$10,000.00) per well brought fully into compliance under the terms of this ACOI;
  - g. The escrow account may be closed upon OCD written acknowledgement to the escrow agent that Operator has fulfilled all of its obligations under this ACOI, or upon withdrawal of all remaining funds for the purposes set forth in paragraph 9(f) of this ACOI. Any funds remaining in the account upon closure due to Operator's fulfillment of its obligations under this ACOI shall be returned to Operator.
10. No later than the dates listed in **Exhibit A**, Operator shall take one of the following actions for each well:
  - a. restore the Well to production and file a C-115;
  - b. place the Well on approved temporary abandonment status in accordance with 19.15.25 NMAC; or
  - c. plug the Well in accordance with 19.15.25 NMAC and file a C-103 to

release the Well and site.

11. Operator shall comply with all specified deadlines in **Exhibit A**. If Operator determines that any Well must be plugged and abandoned, Operator must notify OCD of such determination by the associated deadline identified in **Exhibit A**. Any such well must be plugged and abandoned and Operator must submit form “C-103 Sub. Release After P&A” within six months of the deadline identified in **Exhibit A**.
12. No later than the 15<sup>th</sup> day of each month following the execution of this ACOI, Operator shall file a report describing the action taken for each Well, and such other information as OCD may reasonably (in light of its scope of authority) request from time to time. The report shall be sent by electronic mail to OCD’s Administrative and Compliance Bureau, at [OCDAdminComp@emnrd.nm.gov](mailto:OCDAdminComp@emnrd.nm.gov).
13. Operator must maintain sufficient financial assurance for the Wells as defined in 19.15.8.9(C) & (D) NMAC.
14. Operator agrees that any lapse in financial assurance, regardless of cause, is a violation of OCD rules and the terms of this Order.
15. If Operator fails to comply with a requirement of this ACOI for a Well, the Well shall be deemed to be out of compliance with the Oil and Gas Act and rules.
16. Should Operator fail to meet any deadline in **Exhibit A** or fail to deposit the identified funds into a suitable escrow account, OCD may immediately plug and abandon, restore, and/or remediate any of the Wells identified in **Exhibit A**, including any associated facilities. Operator agrees that it will forfeit any financial assurance associated with any well in **Exhibit A** which is plugged and abandoned, restored, or remediated by the OCD. Nothing in this Order shall be construed to resolve or absolve Operator of any liability for any costs associated with the plugging and abandonment, restoration, or remediation of a well by the OCD which exceeds the value of financial assurance furnished by Operator.
17. Operator shall not transfer a Well to another operator without the prior approval of the OCD.
18. Notwithstanding the foregoing provisions,
  - a. OCD reserves the right to apply for authorization to plug a Well and to forfeit the financial assurance at an date earlier than specified herein if the Well poses an imminent threat to the public health or environment.
  - b. OCD reserves the right to sanction Operator for any alleged violation not addressed in this Order.
19. This Order expires on December 31, 2024.

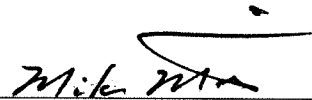
20. The persons executing this Order represent that they have the requisite authority to bind their respective parties and such representation shall be legally sufficient evidence of their actual or apparent authority.
21. Operator admits OCD's jurisdiction to resolve the violations through this Order, consents to the relief specified herein, and waives the right of review by the Oil Conservation Commission.

**NEW MEXICO OIL CONSERVATION DIVISION**

  
\_\_\_\_\_  
Dylan Fuge  
Director

11/7/23  
\_\_\_\_\_  
Date

**EMPIRE NEW MEXICO, LLC**

  
\_\_\_\_\_  
Mike Morrisett  
President

November 2, 2023  
\_\_\_\_\_  
Date

Exhibit A							
Operator Name:	Empire New Mexico LLC						
Operator OGRID:	330679						
ACOI submittal Date:	9/14/2023						
ACOI Approval Date:	11/2/2023						
Total Number of Non-Compliant Wells:	96						
Number of Wells per month brought into production or plugged:	Deadlines established in column D, "Date of Plugging or production"						
ACOI #: (Assigned by OCD)	201969						
List of Noncompliant Wells							
API	Well Name/Number	Plug or Produce?	Date of plugging or production	Date of Last Production	Financial Assurance Single well or Blanket bond?	Amount of Financial Assurance	COMMENTS/STATUS
30-025-25670	A L CHRISTMAS NCT C #016	TA	12/31/2023	Apr-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-33391	AMERICAN NATIONAL KEOHANE COM #003	TA	12/31/2023	May-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-10096	ARROWHEAD GRAYBURG UNIT #214	Returned to injection	12/31/2023	May-23	Blanket Bond	\$ 1,000,000	Returned to Injection Well, Done, Waiting monthly reports to "Clear"
30-025-10351	ARROWHEAD GRAYBURG UNIT #216	PA	12/31/2023	Jun-23			
30-025-06283	EUNICE MONUMENT SOUTH UNIT #111	TA	12/31/2023	Oct-23	Blanket Bond	\$ 250,000	PA Approved 1/12/2004 - Chevron as operator- switch to XTO 8/1/04 - XTO working on it. Chevron Plugged well, XTO no record. WO Site Reclamation
30-025-29600	EUNICE MONUMENT SOUTH UNIT #311	RTP	12/31/2023	Mar-23	Blanket Bond	\$ 25,000	TA Sundry notice Rejected due to the need to submit BLM paperwork
30-025-35167	EUNICE MONUMENT SOUTH UNIT #747	RTP	12/31/2023	Apr-23	Blanket Bond	\$ 25,000	Failed ESP, Return to Production, WO Rig, est work 9/15/2023
30-025-04217	EUNICE MONUMENT SOUTH UNIT B #864	TA	12/31/2023	Aug-23	Blanket Bond	\$ 1,000,000	RTP 6/8/2023 WO well to clear with production
30-025-04216	EUNICE MONUMENT SOUTH UNIT B #865	TA	12/31/2023	Feb-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-04296	EUNICE MONUMENT SOUTH UNIT B #921	RTP	12/31/2023	22-Jan	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-25081	H T MATTERN NCT D #014	RTP	12/31/2023	22-Nov	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-32558	NEW MEXICO H STATE NCT-2 #032	RTP	12/31/2023	22-Feb	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-32690	NEW MEXICO H STATE NCT-2 #033	RTP	12/31/2023	22-May	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-33392	SAUNDERS K GAS COM #003	RTP	12/31/2023	22-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-34665	ARROWHEAD GRAYBURG UNIT #344	TA	12/31/2023	Aug-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-37285	ARROWHEAD GRAYBURG UNIT #398	TA	12/31/2023	Jun-23	Blanket Bond	\$ 1,000,000	TA Sundry notice Rejected due to the need to submit BLM paperwork
30-025-06310	EUNICE MONUMENT SOUTH UNIT #159	RTP	12/31/2023	Apr-23	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-29599	EUNICE MONUMENT SOUTH UNIT #194	TA	12/31/2023	Jun-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-29866	EUNICE MONUMENT SOUTH UNIT #202	RTP	12/31/2023	Apr-23	Blanket Bond	\$ 25,000	Failed ESP, Return to Production, WO Rig, est work 9/15/2023
30-025-04630	EUNICE MONUMENT SOUTH UNIT #353	RTP	12/31/2023	Jun-23	Blanket Bond	\$ 25,000	Failed ESP, Return to Production, WO Rig, est work 9/15/2023
30-025-04676	EUNICE MONUMENT SOUTH UNIT #369	TA	12/31/2023	Apr-23	Blanket Bond	\$ 1,000,000	Approved for TA 2/8/16, never done. TA Sundry Notice Rejected - "Federal well - must submit BLM paperwork" with BLM in XTO name
30-025-04701	EUNICE MONUMENT SOUTH UNIT #380	TA	12/31/2023	May-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-04656	EUNICE MONUMENT SOUTH UNIT #384	RTP	12/31/2023	Jun-23	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04632	EUNICE MONUMENT SOUTH UNIT #392	RTP	12/31/2023	Apr-23	Blanket Bond	\$ 25,000	RTP 6/8/2023 WO well to clear with production
30-025-33595	EUNICE MONUMENT SOUTH UNIT #561	TA	12/31/2023	Nov-23	Blanket Bond	\$ 25,000	RTP 6/1/2023. WO on well to clear from Prod.
30-025-35455	EUNICE MONUMENT SOUTH UNIT #623	RTP	12/31/2023	May-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-12723	EUNICE MONUMENT SOUTH UNIT B #861	TA	12/31/2023	Dec-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-04206	EUNICE MONUMENT SOUTH UNIT B #863	TA	12/31/2023	Feb-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-04272	EUNICE MONUMENT SOUTH UNIT B #885	RTP	12/31/2023	22-Aug	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04308	EUNICE MONUMENT SOUTH UNIT B #895	RTP	12/31/2023	22-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04290	EUNICE MONUMENT SOUTH UNIT B #903	RTP	12/31/2023	22-Aug	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04295	EUNICE MONUMENT SOUTH UNIT B #906	RTP	12/31/2023	19-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04314	EUNICE MONUMENT SOUTH UNIT B #909	RTP	12/31/2023	18-May	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04303	EUNICE MONUMENT SOUTH UNIT B #919	RTP	12/31/2023	22-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-08782	J F JANDA NCT F #015	RTP	1/31/2024	21-Dec	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-33778	JOHN D KNOX #034	RTP	1/31/2024	22-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-25624	A L CHRISTMAS NCT C #012	TA	1/31/2024	Nov-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-04889	ARNOTT RAMSAY NCT D #008	TA	1/31/2024	Jul-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-10094	ARROWHEAD GRAYBURG UNIT #184	TA	1/31/2024	Oct-23	Blanket Bond	\$ 1,000,000	TA filed 1/11/18. On fed leases TA good for 1 year only. When TA done had leaks up hole that were squeezed. Recommend PA if no utility.
30-025-10355	ARROWHEAD GRAYBURG UNIT #231	TA	1/31/2024	Aug-23	Blanket Bond	\$ 1,000,000	TA Sundry notice Rejected due to the need to submit BLM paperwork
30-025-04321	EUNICE MONUMENT SOUTH UNIT #104	RTP	1/31/2024	Jun-23	Blanket Bond	\$ 1,000,000	RTP - Submitted waiting monthly prod reports to clear well
30-025-04571	EUNICE MONUMENT SOUTH UNIT #299	TA	1/31/2024	Nov-23	Blanket Bond	\$ 1,000,000	Submitting MIT test to extend TA. Rejected BLM Well, still in XTO Name
30-025-04545	EUNICE MONUMENT SOUTH UNIT #352	TA	1/31/2024	Aug-23	Blanket Bond	\$ 1,000,000	TA Sundry notice Rejected due to the need to submit BLM paperwork
30-025-04646	EUNICE MONUMENT SOUTH UNIT #397	TA	1/31/2024	Aug-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-35162	EUNICE MONUMENT SOUTH UNIT #695	TA	1/31/2024	Oct-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-35459	EUNICE MONUMENT SOUTH UNIT #775	TA	2/28/2024	Nov-23	Blanket Bond	\$ 1,000,000	Waiting on Rig to TA
30-025-19105	H T MATTERN NCT E #014	RTP	2/28/2024	21-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-31032	H T MATTERN NCT E #015	RTP	2/28/2024	22-Oct	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-06149	SKELLY L STATE COM #001	RTP	2/28/2024	22-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04260	STATE K COM #001	RTP	2/28/2024	22-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04797	W A RAMSAY NCT A #029	RTP	2/28/2024	22-Aug	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04894	W A RAMSAY NCT A COM #002	RTP	2/28/2024	22-Sep	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-08763	W A RAMSAY NCT A COM #003	RTP	2/28/2024	22-Sep	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
WELLS IN XTO'S NAME AND BEING TRANSFERRED TO EMPIRE							
30-025-04890	ARNOTT RAMSAY NCT D #009	RTP	3/31/2024	19-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-31417	ARROWHEAD GRAYBURG UNIT #155	RTP	3/31/2024	19-Sep	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-31304	ARROWHEAD GRAYBURG UNIT #174	RTP	3/31/2024	17-Feb	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-31559	ARROWHEAD GRAYBURG UNIT #178	RTP	3/31/2024	17-Jul	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-31752	ARROWHEAD GRAYBURG UNIT #200	RTP	3/31/2024	18-Jul	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-31610	ARROWHEAD GRAYBURG UNIT #234	RTP	3/31/2024	20-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-10359	ARROWHEAD GRAYBURG UNIT #245	RTP	3/31/2024	16-Jul	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-35419	ARROWHEAD GRAYBURG UNIT #324	RTP	3/31/2024	17-Feb	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-34842	ARROWHEAD GRAYBURG UNIT #329	RTP	3/31/2024	20-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-34823	ARROWHEAD GRAYBURG UNIT #352	RTP	3/31/2024	19-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-35423	ARROWHEAD GRAYBURG UNIT #359	RTP	3/31/2024	22-Jan	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-37283	ARROWHEAD GRAYBURG UNIT #360	RTP	3/31/2024	19-Jan	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-34298	ARROWHEAD GRAYBURG UNIT #369	RTP	4/30/2024	22-Jul	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-05762	B V CULP NCT B #001	RTP	4/30/2024	19-Jan	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-09894	COOPER LOVE #001	RTP	4/30/2024	16-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-32957	COOPER LOVE #003	RTP	4/30/2024	20-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-09511	EUGENE COATES #007	RTP	4/30/2024	4-Oct	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04335	EUNICE MONUMENT SOUTH UNIT #105	RTP	4/30/2024	18-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-06284	EUNICE MONUMENT SOUTH UNIT #110	RTP	4/30/2024	18-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-06282	EUNICE MONUMENT SOUTH UNIT #112	RTP	4/30/2024	18-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04424	EUNICE MONUMENT SOUTH UNIT #143	RTP	4/30/2024	17-Feb	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04427	EUNICE MONUMENT SOUTH UNIT #165	RTP	4/30/2024	9-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04516	EUNICE MONUMENT SOUTH UNIT #186	RTP	5/31/2024	22-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04470	EUNICE MONUMENT SOUTH UNIT #208	RTP	5/31/2024	16-Nov	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04452	EUNICE MONUMENT SOUTH UNIT #232	RTP	5/31/2024	22-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04495	EUNICE MONUMENT SOUTH UNIT #256	RTP	5/31/2024	22-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04457	EUNICE MONUMENT SOUTH UNIT #264	RTP	5/31/2024	22-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-30133	EUNICE MONUMENT SOUTH UNIT #278	RTP	5/31/2024	22-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-04558	EUNICE MONUMENT SOUTH UNIT #335	RTP	5/31/2024	22-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-25320	EUNICE MONUMENT SOUTH UNIT #450	RTP	5/31/2024	18-May	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-37318	EUNICE MONUMENT SOUTH UNIT #577	RTP	5/31/2024	14-Apr	Blanket Bond	\$ 25,000	Waiting on Rig to RTP
30-025-35158	EUNICE MONUMENT SOUTH UNIT #597	RTP	5/31/2024	17-Mar	Blanket Bond	\$ 25,000	Waiting on Rig to RTP



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