

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

ACO 276

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In the Matter of Stanolind Operating LLD dba Stanolind NM LLC and Pits Associated with Fedell Battery, Lease #303074, Melaine Battery, Lease #303079, Merrill Battery, Lease #303081 and Sherri Battery, Lease #303082

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), and the regulations promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico (OCD) issues this Order to Stanolind NM LLC.

I. FINDINGS & DETERMINATIONS BY THE OIL CONSERVATION DIVISION

1. The OCD is the state division charged with administration and enforcement of the Act and rules promulgated in accordance with the Act.
2. Stanolind Operating LLC dba Stanolind NM LLC (Stanolind) is a Limited Liability Company doing business in New Mexico. Stanolind is an active entity with a principal address of 310 West Wall Street, Suite 1000, Midland, Texas 79701. Stanolind's OGRID is 288173.
3. Stanolind is in the process of acquiring the wells identified in **Exhibit A**. Located on the same leases as the wells are five (5) pits. (See **Exhibit A**). These pits were constructed prior to the effective dates of 19.15.2.50 NMAC (Rule 50; repealed) and 19.15.17 NMAC (Rule 17).
4. The **Exhibit A** pits qualify as legacy pits. A legacy pit is a pit which was built and used prior to 2004.
5. Stanolind has proposed, upon acquisition of the wells, to backfill each pit and use sufficient topsoil brought in to allow native vegetation to grow, and to reseed with native grasses.

II. CONCLUSIONS OF THE OCD

6. The OCD has jurisdiction over the parties and subject matter in this proceeding.
7. Stanolind is a person as defined by NMSA 1978, § 70-2-33(A).

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8. All of the pits in **Exhibit A** were constructed and used prior to 2004 and are therefore legacy pits.
9. Rule 50 required that for pits in existence on April 15, 2004, the operator was to submit a notice, on that same date, indicating either use of the pit will be continued or the pit will be closed. (19.15.2.50.B(3)b NMAC).
10. No notices were received by the previous operators of the wells associated with the **Exhibit A** pits.
11. Rule 17 provides for transitional closure provisions for existing (as of June 2008) operations and existing lined permitted permanent pits. (19.15.17.17.B and C) Rule 17 does not provide transitional closure provisions for pits which were not in operation as of June 2008 or were not lined permitted permanent pits.
12. The **Exhibit A** pits were neither in operation as of June 2008 nor were they lined permitted permanent pits. Therefore, Rule 17 does not apply to the **Exhibit A** pits.
13. The closures of legacy pits are not regulated by repealed Rule 50 or Rule 17. No soil sampling or testing is required. No remediation of soils or the subsurface is required unless groundwater is found to be contaminated.

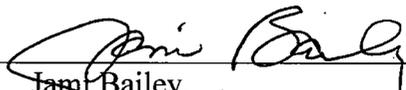
III. ORDER

14. Stanolind shall, upon acquisition of the wells, backfill each pit with soil and topsoil. The topsoil shall be of such quality as to allow native vegetation to grow. Stanolind shall reseed with native grasses. The pits shall be closed in this manner by July 31, 2012.
15. By signing this Order, Stanolind expressly:
 - a. acknowledges the authority of the OCD to render the above Findings & Determinations, Conclusions and Order;
 - b. agrees to comply with the Order;
 - c. 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;
 - d. agrees that if it fails to comply with this Order, the well may be shut-in immediately and the Order may be enforced 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;

16. Nothing in this Order relieves Stanolind of its responsibility for compliance with any other federal, state or local laws and/or regulations.

Done at Santa Fe, New Mexico this 2 day of February 2012.

By: 
Jamil Bailey,
Director, Oil Conservation Division

ACCEPTANCE

Stanolind Operating LLC dba Stanolind NM LLC (OGRID No. 288173) hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth in the Order.

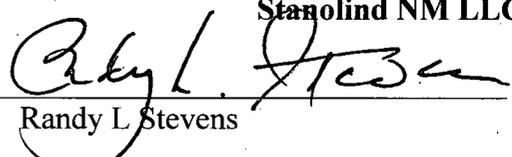
**Stanolind Operating LLC dba
Stanolind NM LLC**
By: 
Randy L Stevens
Title: President
Date: 2/1/12

Exhibit A

LEASE	API NUMBER	SEC	TWP/ BLK	RGE/ SURVEY	Battery (Pit) Location
DOROTHY 1	30-015-25252	27I	18S	26E	Dorothy Battery, Lease #303073, I-27-18S-26E, Lat 32.71695N/Long -104.36327W
FEDELL 1	30-015-24626	35B	18S	26E	Fedell Battery, Lease #303074, B-35-18S-26E, Lat 32.71056/Long -104.35155W
FEDELL 2	30-015-24627	35G	18S	26E	
FEDELL 3	30-015-24628	35A	18S	26E	
FEDELL 4	30-015-24629	35H	18S	26E	
MELAINE 1	30-015-24089	26J	18S	26E	Melaine Battery, Lease #303079, J-26-18S-26E, Lat 32.71514N/Long -104.34885W
MELAINE 2	30-015-21076	26O	18S	26E	
MERRILL 1	30-015-24118	34A	18S	26E	Merrill Battery, Lease #303081, A-34-18S-26E, Lat 32.70795N/Long -104.36499W
MERRILL 2	30-015-24255	34B	18S	26E	
MERRILL 3	30-015-24413	34G	18S	26E	
MERRILL 4	30-015-24444	34H	18S	26E	
SHERRI 1	30-015-25251	35D	18S	26E	Sherri Battery, Lease #303082, D-35-18S-26E, Lat 32.70966N/-104.36013W