

Internal Memo

TO: Theresa  
FROM: Sonny  
DATE: September 21, 2012

---

**RBDMS ACOI Input  
Check List**

ACOI No. 264

Operator: Devon Energy Production Company LP

OGRID: 6137

Operator Deadline: March 18, 2013

Administrative Deadline: April 18, 2013

Amendment Option: Y \_\_\_\_\_ N **X** \_\_\_\_\_

Well List: See attachment on ACOI

Add ACOI to Tracking Index: Y \_\_\_X\_\_\_ N \_\_\_\_\_

Date sent for Scanning: 9/28/12

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

NMOCD - ACOI- 264

**IN THE MATTER OF DEVON ENERGY PRODUCTION COMPANY, LP,**

**Respondent.**

**INACTIVE WELL  
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 OCD Rule 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and Devon Energy Production Company, LP ("Operator") enter into this Inactive Well Agreed Compliance Order ("Order" or "ACOI") under which Operator agrees to plug, place on approved temporary abandonment status or restore to production or other beneficial use the wells identified herein pursuant to the Act and OCD Rule 19.15.25.8 NMAC in accordance with the following agreed schedule and procedures, and understands that the OCD may decide not to enter into any further agreed compliance orders with Operator if Operator 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 under OGRID 6137 for the wells identified in Exhibit "A," attached.
4. OCD Rule 19.15.25.8 NMAC states, in relevant part:

"A. The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.

B. The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:

....  
....

(3) a period of one year in which a well has been continuously inactive.”

5. The wells identified in Exhibit “A”
  - (a) have been continuously inactive for a period of one year plus 90 days;
  - (b) are not plugged or abandoned in accordance with OCD Rule 19.15.25.9 NMAC through 19.15.25.11 NMAC; and
  - (c) are not on approved temporary abandonment status in accordance with OCD Rule 19.15.25.12 NMAC through 19.15.25.14 NMAC.

### CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. The wells identified in Exhibit “A” are out of compliance with OCD Rule 19.15.25.8 NMAC.
3. As operator of the wells identified in Exhibit “A,” Operator is responsible for bringing those wells into compliance with OCD Rule 19.15.25.8 NMAC.

### ORDER

1. Operator agrees to bring the 2 wells identified in Exhibit “A” into compliance with OCD Rule 19.15.25.8 NMAC by March 18, 2013 by
  - (a) restoring the well to production or other OCD-approved beneficial use **and filing a C-115 documenting such production or use;**
  - (b) causing the wellbore to be plugged in accordance with OCD Rule 19.15.25.10(B) NMAC **and filing a C-103 describing the completed work;** or
  - (c) placing the well on approved temporary abandonment status in accordance with OCD Rule 19.15.25.12 NMAC through 19.15.25.14 NMAC.
2. Oil and gas produced during swabbing does not count as production for purposes of this Order.
3. Operator shall file a compliance report 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.) Transfer of a well identified on Exhibit “A” to another operator does not count towards Operator’s obligation to return wells to compliance under the terms of this Order, but does reduce the total number of wells for which Operator is responsible under the terms of this Order. The written compliance report must be mailed or e-mailed to the OCD’s Enforcement and Compliance Manager and to

the OCD attorney in charge of inactive well agreed compliance orders so that it is **received by** the compliance deadline of March 18, 2013.

4. Operator understands that if it fails to meet the terms of this Order, the OCD may decide not to enter into any further agreed compliance orders with Operator.
5. Thirty days after the compliance deadline set by this Order, any wells on Exhibit "A" not in compliance with OCD Rule 19.15.25.8 NMAC will appear on the inactive well list kept pursuant to OCD Rule 19.15.5.9(F) NMAC.
6. By signing this Order, Operator expressly:
  - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - (b) agrees to return to compliance the 2 wells identified in Exhibit "A" by March 18, 2013;
  - (c) agrees to submit a compliance report as required in Ordering Paragraph 3 by the March 18, 2013 compliance deadline set by this Order;
  - (d) waives any right, pursuant to the Oil and Gas Act or otherwise, to an appeal from this Order, or to a hearing either prior to or subsequent to the entry of this Order; and
  - (e) agrees that the Order may be enforced by OCD or Oil Conservation Commission Order, by suit or otherwise to the same extent and with the same effect as a final Order of the OCD or Oil Conservation Commission entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.
7. For good cause shown, Operator may request an extension to complete the requirements as set out in Ordering Paragraph 1. Such notification ("notice") shall reasonably describe the circumstances encountered by Operator that prohibits it from meeting the deadlines set out herein.

Within ten (10) days of receipt of this notice, the OCD shall either approve the extended time requested by Operator by executing a written amendment to this Order, or notify Operator that it will not extend the deadline. The OCD's approval of a time extension shall not be unreasonably withheld.

8. This Order applies only to the enforcement of OCD Rule 19.15.25.8 NMAC against those wells identified in Exhibit "A." Other wells operated by Operator out of compliance with OCD Rule 19.15.25.8 NMAC may be subject to immediate enforcement action under the Oil and Gas Act and OCD Rules. Wells identified in Exhibit "A" that are out of compliance with the Oil and Gas Act or OCD Rules other than OCD Rule 19.15.25.8 NMAC may be subject to immediate enforcement action under the Oil and Gas Act and OCD Rules.

9. The OCD reserves the right to file an application for hearing to obtain authority to plug any well identified in Exhibit "A" and forfeit the applicable financial assurance if the well poses an immediate environmental threat.

Done at Santa Fe, New Mexico this 22 day of Sept, 2012

By: Jamie Bailey  
Jamie Bailey  
Director, Oil Conservation Division

**ACCEPTANCE**

Devon Energy Production Company, LP, hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

Devon Energy Production Company, LP

By: Bill A. Penhall  
(Please print name) Bill A. Penhall

ss Title: Agent and Attorney-in-Fact  
Date: September, 2012 MM

**Exhibit A to Agreed Compliance Order for Devon Energy Production Company, LP**

- |                 |                |
|-----------------|----------------|
| 1) 30-015-05803 | CEM Federal #1 |
| 2) 30-015-05804 | CEM Federal #2 |

Devon Energy Production Company, LP

By: Bill A. Penhall  
Title: Bill A. Penhall, Agent and Attorney-in-Fact

ss

MM