

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

NMOCD – ACOI-266

IN THE MATTER OF DOMINION PRODUCTION COMPANY LLC,

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 Dominion Production Company LLC ("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 liability company doing business in the state of New Mexico under OGRID 291567.
3. Operator is seeking to become the operator of record of the wells identified in Exhibit "A" attached.
4. Nacogdoches Oil and Gas, Inc. (OGRID 256689) is the current operator of record of the wells identified in Exhibit "A".
5. The wells identified in Exhibit "A"
 - (a) have been continuously inactive for a period of one year plus 90 days (or within the next six months will become continuously inactive for a period of one year plus 90 days if no action is taken on the wells);
 - (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.

6. 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.”

7. Some of the wells identified in Exhibit “A” are also under a compliance order (Order R-13166).

8. Paragraph 2 of Subsection C of OCD Rule 19.15.5.9 NMAC provides that the director or her designee may deny a change of operator if the new operator is acquiring wells, facilities or sites subject to a compliance order requiring compliance with 19.15.25.8 NMAC and the new operator has not entered into an agreed compliance order setting a schedule for compliance with the existing order.

9. The OCD and Operator are entering into this agreed compliance order which sets a schedule for compliance to allow Operator to become the operator of record of the wells identified in Exhibit “A.”

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.

2. The wells identified in Exhibit “A” are either out of compliance with OCD Rule 19.15.25.8 NMAC or will fall out of compliance with OCD Rule 19.15.25.8 NMAC in the next six months if they are not returned to production or other beneficial use, plugged and abandoned, or placed on approved temporary abandonment status.

3. The OCD and Operator are entering into this agreed compliance order which sets a schedule for compliance to allow Operator to become the operator of record of the wells identified in Exhibit “A.”

4. As operator of the wells identified in Exhibit "A," Operator will be responsible for bringing those wells into compliance with OCD Rule 19.15.25.8 NMAC once it becomes the operator of record of the wells.

ORDER

1. Operator agrees to bring 12 wells identified in Exhibit "A" into compliance with OCD Rule 19.15.25.8 NMAC by April 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 April 18, 2013. The total length of this Agreed Compliance Order is six months.
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 12 wells identified in Exhibit "A" by April 18, 2013;

- (c) agrees to submit a compliance report as required in Ordering Paragraph 3 by the April 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. 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.
8. 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 4th day of October, 2012

By: Jami Bailey
 Jami Bailey
 Director, Oil Conservation Division

ACCEPTANCE

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

Dominion Production Company LLC
 By: DAVID BURNS
 (Please print name)
 Title: PRESIDENT
 Date: 10/1/2012

Exhibit A to Agreed Compliance Order for Dominion Production Company LLC

30-031-20419 HANSON #026

30-031-20725	HANSON #038
30-031-20338	HOSPAH SAND UNIT #001Y
30-031-05205	HOSPAH SAND UNIT #003
30-031-05176	HOSPAH SAND UNIT #009
30-031-05189	HOSPAH SAND UNIT #012
30-031-05207	HOSPAH SAND UNIT #015
30-031-05211	HOSPAH SAND UNIT #016
30-031-05213	HOSPAH SAND UNIT #017
30-031-05203	HOSPAH SAND UNIT #019
30-031-05195	HOSPAH SAND UNIT #022
30-031-05192	HOSPAH SAND UNIT #023
30-031-05186	HOSPAH SAND UNIT #024
30-031-05214	HOSPAH SAND UNIT #027
30-031-05225	HOSPAH SAND UNIT #029
30-031-05224	HOSPAH SAND UNIT #032
30-031-05223	HOSPAH SAND UNIT #034
30-031-05222	HOSPAH SAND UNIT #035
30-031-05219	HOSPAH SAND UNIT #037
30-031-05171	HOSPAH SAND UNIT #039
30-031-05194	HOSPAH SAND UNIT #051
30-031-20115	HOSPAH SAND UNIT #058
30-031-20116	HOSPAH SAND UNIT #059
30-031-07025	HOSPAH SAND UNIT #061
30-031-05559	HOSPAH SAND UNIT #063
30-031-05577	HOSPAH SAND UNIT #066
30-031-20247	HOSPAH SAND UNIT #070
30-031-20608	HOSPAH SAND UNIT #095
30-031-20831	HOSPAH SAND UNIT #100
30-031-20183	LONE PINE DAKOTA D UNIT #012
30-031-20174	LONE PINE DAKOTA D UNIT #014
30-031-20201	LONE PINE DAKOTA D UNIT #023
30-031-20086	SANTA FE #016
30-031-20102	SANTA FE #017
30-031-20341	SANTA FE #029
30-031-20165	SANTA FE PACIFIC RAILROAD #002

ACOI

Dominion Production Company LLC OGRID 291567

Page 5 of 7

30-031-20181	SANTA FE PACIFIC RAILROAD #008
30-031-20182	SANTA FE PACIFIC RAILROAD #009
30-031-05531	SANTA FE RAILROAD #009
30-031-20038	SANTA FE RAILROAD #013
30-031-20037	SANTA FE RAILROAD #014
30-031-20036	SANTA FE RAILROAD #015
30-031-20138	SANTA FE RAILROAD #018
30-031-20140	SANTA FE RAILROAD #020
30-031-20150	SANTA FE RAILROAD #023
30-031-20594	SANTA FE RAILROAD #041
30-031-20712	SANTA FE RAILROAD #043
30-031-20713	SANTA FE RAILROAD #044
30-031-20836	SANTA FE RAILROAD #047
30-031-20837	SANTA FE RAILROAD #048
30-031-20854	SANTA FE RAILROAD #050
30-031-05570	SANTA FE RAILROAD A #072
30-031-20021	SANTA FE RAILROAD A #074
30-031-20147	SANTA FE RAILROAD A #083
30-031-20372	SANTA FE RAILROAD A #084
30-031-20413	SANTA FE RAILROAD A #087
30-031-20855	SANTA FE RAILROAD A #097
30-031-20303	SANTA FE RR B #032
30-031-20369	SANTA FE RR B #033
30-031-20390	SANTA FE RR B #034
30-031-20416	SANTA FE RR B #036
30-031-20415	SANTA FE RR B #037
30-031-05146	SOUTH HOSPAH UNIT #005
30-031-20012	SOUTH HOSPAH UNIT #007
30-031-20016	SOUTH HOSPAH UNIT #011
30-031-20054	SOUTH HOSPAH UNIT #013
30-031-20056	SOUTH HOSPAH UNIT #016
30-031-20094	SOUTH HOSPAH UNIT #027
30-031-20124	SOUTH HOSPAH UNIT #033
30-031-20118	SOUTH HOSPAH UNIT #036
30-031-20135	SOUTH HOSPAH UNIT #037X

ACOI

Dominion Production Company LLC OGRID 291567

Page 6 of 7

30-031-20152 SOUTH HOSPAH UNIT #039
30-031-20360 SOUTH HOSPAH UNIT #046
30-031-20362 SOUTH HOSPAH UNIT #048
30-031-20242 SOUTH HOSPAH UNIT #051
30-031-20243 SOUTH HOSPAH UNIT #052
30-031-20411 SOUTH HOSPAH UNIT #060
30-031-20546 SOUTH HOSPAH UNIT #061
30-031-20544 SOUTH HOSPAH UNIT #063

Dominion Production Company LLC

By: 
Title: President