

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

NMOCD ACOI 259-A

IN THE MATTER OF CELERO ENERGY II, LP,

Respondent.

**AMENDED
INACTIVE WELL AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 5 of Inactive Well Agreed Compliance Order 259, the Director of the Oil Conservation Division (“OCD”) hereby amends that order as follows:

FINDINGS

1. Inactive Well Agreed Compliance Order 259 (“ACOI 259” or “Order”) requires Celero Energy II, LP (“Operator”) to return to compliance with OCD Rule 19.15.25.8 NMAC (“Part 25.8”) by December 18, 2012 at least 5 of the wells identified in Exhibit “A” of ACOI 259, and file a compliance report by that date.

2. ACOI 259 provides that of the 5 wells Operator is required to bring into compliance with Part 25.8 by December 18, 2012, at least 3 of the 5 wells shall be wells that are identified in Exhibit “A” of ACOI 259 as having a date of last production of 1992 or older.

3. ACOI 259 further provides that if Operator returns at least 5 wells identified in Exhibit “A” of ACOI 259 to compliance with Part 25.8 by December 18, 2012, with at least 3 of the 5 wells being wells identified in Exhibit “A” of ACOI 259 as having a date of last production of 1992 or older, files a timely compliance report, and is in compliance with additional financial assurance requirements, the OCD shall issue an amendment extending the terms of ACOI 259 for a second six-month period, requiring Operator to return an additional 5 wells identified in Exhibit “A” of ACOI 259 to compliance by that deadline, with at least 3 of the 5 wells being wells identified in Exhibit “A” of ACOI 259 as having a date of last production of 1992 or older, and file a compliance report by that deadline.

4. Operator filed a timely compliance report, and the OCD has verified that OCD records indicate that Operator has returned the following 9 wells identified in the Order to compliance:

<u>API</u>	<u>WELL</u>	<u>LAST PRODUCTION</u>
30-025-05125	BUCKLEY B #002	08/1990
30-005-00898	DRICKEY QUEEN SAND UNIT #011	12/1992

30-005-00895	DRICKEY QUEEN SAND UNIT #013	12/1992
30-005-00897	DRICKEY QUEEN SAND UNIT #014	02/1999
30-005-00896	DRICKEY QUEEN SAND UNIT #015	03/2000
30-005-00986	DRICKEY QUEEN SAND UNIT #821	12/1992
30-005-01096	WEST CAP QUEEN SAND UNIT #002	03/2005
30-005-01105	WEST CAP QUEEN SAND UNIT #014	12/1992
30-005-01114	WEST CAP QUEEN SAND UNIT #019	08/1985

CONCLUSIONS

1. Operator has met its goal of returning at least 5 of the wells identified in Exhibit "A" of ACOI 259 to compliance with Part 25.8 by December 18, 2012, with at least 3 of the 5 wells being wells identified in Exhibit "A" of ACOI 259 as having a date of last production of 1992 or older.

2. The OCD should amend ACOI 259 to extend its terms through June 18, 2013 and require Operator to return to compliance by that date at least 5 additional wells identified in Exhibit "A" of ACOI 259, with at least 3 of the 5 wells being wells identified in Exhibit "A" as having a date of last production of 1992 or older. None of the wells should be wells identified in Findings Paragraph 4, above.

ORDER

1. Operator shall return at least 5 additional wells identified in Exhibit "A" of ACOI 259 to compliance with Part 25.8 by June 18, 2013, with at least 3 of the 5 wells being wells identified in Exhibit "A" of ACOI 259 as having a date of last production of 1992 or older. None of the wells shall be wells identified in Findings Paragraph 4, above.

2. Operator shall file a written compliance report by June 18, 2013 identifying the wells returned to compliance in the second period, 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). The written compliance report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager (email: daniel.sanchez@state.nm.us) and Assistant General Counsel Gabrielle Gerholt (email: gabrielle.gerholt@state.nm.us) so that it is received by the compliance deadline of June 18, 2013.

3. The terms of ACOI 259 otherwise remain in effect.

Done at Santa Fe, New Mexico this 4th day of January, 2013

By: 
 Jami Bailey
 Director, Oil Conservation Division