

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

NMOCD – ACOI- 267-A

IN THE MATTER OF CHEVRON U.S.A., INC.,

Respondent.

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 Chevron U.S.A., Inc. ("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.

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 corporation doing business in the state of New Mexico.
3. Operator operates wells in New Mexico under OGRID 4323.
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 (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. NMSA 1978, Section 70-2-33(A) defines “person” in relevant part as

“any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity...”

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. 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.
4. Operator is a “person” as defined by NMSA 1978, Section 70-2-33(A).

ORDER

1. Operator agrees to bring 8 wells identified in Exhibit “A” into compliance with OCD Rule 19.15.25.8 NMAC by August 26, 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. In addition, the 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.

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.) 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 August 26, 2013. The total length of this Agreed Compliance Order is six months.
4. In the event the Operator encounters unanticipated circumstances that prevent it from bringing 8 wells into compliance by August 26, 2013, Operator may apply for a waiver by making the request in writing to the OCD's Enforcement and Compliance Manager. If the Enforcement and Compliance Manager concurs with the Operator's request, the request for waiver may be granted administratively. If the Enforcement and Compliance Manager does not concur with the Operator's request or fails to respond within 10 days, the Operator may file an application for hearing on the request. Any application for hearing on a request for waiver must be filed within 30 days of the date the compliance report is due.
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 8 wells identified in Exhibit "A" by August 26, 2013;
 - (c) agrees to submit a compliance report as required in Ordering Paragraph 3 by the August 26, 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 other than a hearing on a request for waiver; and
 - (f) 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.

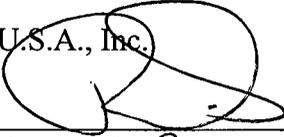
8. The OCD reserves the right to file an application for hearing to obtain authority to plug any well identified in Exhibit "A" and forfeit the applicable financial assurance if the well poses an immediate environmental threat.

Done at Santa Fe, New Mexico this 27th day of February, 2013

By: 
Jami Bailey
Director, Oil Conservation Division

ACCEPTANCE

Chevron U.S.A, Inc. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

Chevron U.S.A., Inc. 

By: _____
(Please print name) ROBERT DORRICK
Title: GENERAL MANAGER OPERATIONS
Date: 2/25/13

Exhibit A to Chevron ACOI

- 1) 30-025-37887 C H WEIR B #013
- 2) 30-025-06980 CENTRAL DRINKARD UNIT #142
- 3) 30-025-06960 CENTRAL DRINKARD UNIT #154
- 4) 30-025-25797 CENTRAL VACUUM UNIT #108
- 5) 30-025-10312 R E COLE #003
- 6) 30-015-23202 STATE IC #001
- 7) 30-015-20092 BIG EDDY UNIT #011
- 8) 30-025-36196 CODORNIZ 28 FEDERAL #002
- 9) 30-015-30680 GREENWOOD FEDERAL COM #002
- 10) 30-015-10111 HINKLE FEDERAL #001
- 11) 30-015-31798 LANCASTER SPRINGS UNIT #004
- 12) 30-025-36583 LIVESTOCK 9 FEDERAL #002
- 13) 30-015-26395 LOTOS B FEDERAL #001
- 14) 30-015-35356 LOTOS C FEDERAL #912
- 15) 30-025-36353 NEUHAUS 14 FEDERAL #004
- 16) 30-015-21844 OLD INDIAN DRAW UNIT #011
- 17) 30-015-22101 OLD INDIAN DRAW UNIT #021
- 18) 30-015-24292 QUEEN LAKE 19 FEDERAL #001
- 19) 30-015-23945 CARRASCO 6 COM #1
- 20) 30-025-33979 HOOVER 28 #004
- 21) 30-015-33134 JAKE STATE #4
- 22) 30-015-27008 USA CACTUS 16 STATE #001

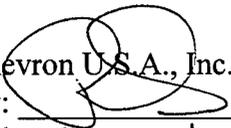
23) 30-015-33004 USA TODD 2 STATE #015

24) 30-25-29138 CARTER-SHIPP STRAWN UNIT #003

25) 30-015-26622 USA CAVINESS PAINE #004

26) 30-025-32210 LANGLEY GETTY COM #002

Chevron U.S.A., Inc.

By: 

Title: GENERAL MANAGER OPERATIONS