

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

NMOCD - ACOI 112-A

IN THE MATTER OF MERIT ENERGY COMPANY,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 3 of Agreed Compliance Order 112 (hereinafter "Order"), the Director of the Oil Conservation Division ("OCD") hereby amends that Order as follows:

FINDINGS

1. The Order requires Merit Energy Company ("Operator") to return to compliance with OCD Rule 201 at least 40 of the wells identified in Exhibit A by August 10, 2006, and file a compliance report by that date.

2. The Order further provides that if Operator returns to compliance with OCD Rule 201 at least 40 of the wells identified in Exhibit A by August 10, 2006, and files a timely compliance report, the OCD shall issue an amendment extending the terms of the Order for an additional six-month period, requiring Operator to return to compliance at least 12 additional wells identified on Exhibit A and file a timely compliance report. The OCD will continue to issue six-month amendments if Operator continues to return at least 12 additional wells to compliance in each period, so long as the total length of the order and any amendments does not exceed two years.

3. Operator filed a timely compliance report, and the OCD has verified that OCD records indicate that Operator has returned the following wells identified in Exhibit A to compliance:

1. East Shugart Unit #008	30-015-05704
2. Turner B #136	30-015-29622
3. East Shugart Unit #012	30-015-05694
4. Fren Oil Company #011	30-015-05259
5. East Shugart Unit #005	30-015-05697
6. Fren Oil Company #007	30-015-05255
7. Fren Oil Company #012	30-015-05260
8. Fren Oil Company #025	30-015-29537
9. HE West A #005	30-015-05064
10. HE West A #030	30-015-28465

11. HE West B #041	30-015-26033
12. JL Keel A #003	30-015-05091
13. JL Keel B #032	30-015-24694
14. JL Keel B #035	30-015-25448
15. Turner A #035	30-015-20097
16. Turner B #043	30-015-05314
17. Turner B #047	30-015-05435
18. Turner B #102	30-015-26664
19. CA Russell #006	30-015-05219
20. HE West A #006	30-015-05065
21. HE West B #013	30-015-05122
22. HE West B #017	30-015-05119
23. HE West B #019	30-015-05125
24. Max Friess MA #002	30-015-05469
25. Turner A #013	30-015-05216
26. Turner A #014	30-015-05239
27. Turner B #030	30-015-05186
28. Turner B. #78	30-015-05303
29. Turner B #079	30-015-20109
30. HE West B #031	30-015-25921
31. HE West B #043	30-015-26049
32. Hudson Federal #014	30-015-31251
33. JL Keel B #046	30-015-26100
34. Turner B #092	30-015-26596
35. HE West B #036	30-015-25995
36. Turner B #005	30-015-05184
37. HE West B #020	30-015-05126
38. HE West B #024	30-015-05128
39. JL Keel B #022	30-015-05082
40. HE West B #096	30-015-29348
41. JL Keel A #006	30-015-05094
42. JL Keel A #016	30-015-25423
43. Friess Federal #004	30-015-28856
44. HE West A #011	30-015-05054
45. HE West B #26	30-015-05060
46. HE West B #067	30-015-27354
47. Turner A #009	30-015-05237
48. Turner A #036	30-015-20098
49. Turner B #002	30-015-05182
50. Turner B #055	30-015-05444
51. Turner B #068	30-015-05452
52. Hudson Federal #006	30-015-26008
53. Turner B #042	30-015-05278
54. Turner B. #072	30-015-05302

CONCLUSIONS

1. Operator has returned 54 wells to compliance, exceeding its goal of returning 40 of the wells identified in Exhibit A to compliance by August 10, 2006 and exceeding by two wells its goal of returning 12 wells to compliance in a second six-month period.
2. The OCD should amend the Order to extend its terms through August 10, 2007 and require Operator to return to compliance by that date ten additional wells from Exhibit A not identified in Findings Paragraph 3, above.

ORDER

1. Operator shall return to compliance by August 10, 2007 ten additional wells from Exhibit A not identified in Findings Paragraph 3, above.
2. Operator shall file a compliance report by August 10, 2007 using the Oil Conservation Division's web-based on-line application.
3. The terms of Agreed Compliance Order 112 otherwise remain in effect and are extended through August 10, 2007.

Done at Santa Fe, New Mexico this 14th day of August, 2006

By: 
for Mark Fesmire, P.E.
Director, Oil Conservation Division