

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

NMOCD - ACOI 119-A

**IN THE MATTER OF SABER RESOURCES LLC,
Respondent.**

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraphs 3 and 5 of Agreed Compliance Order 119, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 119 ("ACOI 119" or "Order") requires Saber Resources LLC ("Operator") to return to compliance with OCD Rule 201 at least three of the wells identified in the Order by August 31, 2006, and file a compliance report by that date. The Order defines compliance to include the filing of the appropriate paperwork.

2. ACOI 119 further provides that if Operator returns to compliance with OCD Rule 201 at least three of the wells identified in the Order by August 31, 2006, and files a timely compliance report, the OCD shall issue an amendment extending the terms of ACOI 119 for an additional six-month period, requiring Operator to return to compliance by that date three non-compliant wells identified in the Order still operated by Operator.

3. ACOI 119 further provides that if Operator fails to return to compliance three of the wells identified in the Order by August 31, 2006, Operator is subject to penalties. Operator may, however, request a waiver or reduction of penalties, and request an amendment extending the terms of the Order.

4. Operator filed a timely compliance report indicating that it had returned to compliance the TD Pope #001, API 30-025-05209. Operator reported that it is presently working on another well, and that what was estimated to be a ten-day job has lasted more than 23 days. Operator has indicated that once the work on the second well is completed, it will move the rig to other wells identified in the Order. Operator reports that it has spent well in excess of \$400,000 on the compliance project. Operator has requested that penalties be waived or reduced.

5. The OCD has verified that its records show that the TD Pope #001, API 30-025-05209 has been returned to compliance.

CONCLUSIONS

1. Operator failed to meet its goal under the terms of the Order of returning three of the wells identified in the Order to compliance by August 31, 2006, falling short by two wells.
2. Operator has demonstrated some good faith efforts to meet its three-well goal under the Order by returning one well to compliance and by doing substantial work on a second well.
3. The OCD should amend ACOI 119 to extend its terms through February 28, 2007 and require Operator to return to compliance by that date three wells identified in the Order other than the TD Pope #001.
4. The OCD should waive \$1000 of the \$2,000 penalty otherwise due under the terms of the Order, and assess a penalty of \$1,000 for Operator's failure to comply with the terms of the Order.

ORDER

1. The OCD waives \$1,000 of the \$2,000 penalty due under the terms of the Order, and assesses a \$1,000 penalty for Operator's failure to comply with the terms of ACOI 119.
2. By November 5, 2006 Operator shall either:
 - a) pay the \$1,000 penalty assessed in this amendment to ACOI 119; or
 - b) notify the OCD Enforcement and Compliance Manager in writing that it requests a hearing on waiver of the \$1,000 penalty assessed.
3. Operator shall return to compliance by February 28, 2007 three wells identified in ACOI 119 other than the TD Pope #001.
4. Operator shall file a compliance report by February 28, 2007 using the Oil Conservation Division's web-based on-line application.
5. The terms of ACOI 119 otherwise remain in effect.

Done at Santa Fe, New Mexico this 5th day of oct, 2006

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division