

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

**NMOCD - ACOI 114-A**

**IN THE MATTER OF CROWNQUEST OPERATING, LLC,**

**Respondent.**

**AMENDED  
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 3 of Agreed Compliance Order 114, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

**FINDINGS**

1. Agreed Compliance Order 114 (ACOI 114) requires Crownquest Operating, LLC (Operator) to return to compliance with OCD Rule 201 at least seven of the wells identified in Exhibit A by December 31, 2006, and file a compliance report by that date.

2. To return a well to "compliance," as defined in ACOI 114, the Operator must complete one of the following actions:

- (a) restore the well to production or other OCD-approved beneficial use and file a C-115 documenting such production or use;
- (b) cause the wellbore to be plugged in accordance with OCD Rule 202.B(2) and file a C-103 describing the completed work;
- (c) place the well on approved temporary abandonment status pursuant to OCD Rule 203.

3. ACOI 114 further provides that if Operator returns to compliance with OCD Rule 201 at least seven of the wells identified in Exhibit A by December 31, 2006, and files a timely compliance report, the OCD shall issue an amendment extending the terms of ACOI 114 for an additional six-month period, requiring Operator to return an additional seven wells to compliance by that deadline.

4. ACOI 114 further provides that if Operator fails to return seven wells to compliance by December 31, 2006, Operator shall be subject to a penalty of \$1,000 times each well it failed to return to compliance under its schedule, and the OCD will have discretion whether to issue an amendment to the Order. However, Operator may request a waiver or reduction of the applicable penalty.

5. 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:

- New Mexico AN State #002 30-025-01137
- New Mexico AN State #006 30-025-01141
- New Mexico AN State #009 30-025-20955
- New Mexico AN State #011 30-025-28236
- New Mexico BG State NCT 1 #009 30-025-29811
- New Mexico BG State NCT1 #010 30-025-29870

4. According to Operator's compliance report, Operator has returned two additional wells to production. The OCD has not yet received C-115 production reports for these wells:

- New Mexico AQ State NCT II, Well #003 30-025-28819
- Federal 6, Well #002 30-025-28074

### **CONCLUSIONS**

1. Operator failed to meet its goal of returning 7 of the wells identified in Exhibit A to compliance by December 31, 2006, missing its goal by 1 well.

2. Operator has demonstrated good faith in its efforts to comply with ACOI 114, returning six wells to compliance and completing work on two additional wells.

3. The OCD should amend ACOI 106 to extend its terms through June 30, 2007 and require Operator to return to compliance by that date seven wells identified in Exhibit A not identified in Findings Paragraph 3, above.

4. The OCD should waive the \$1,000 penalty that would otherwise be due under ACOI 114.

### **ORDER**

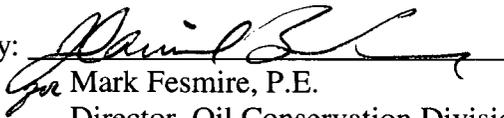
1. Operator shall return to compliance by June 30, 2007 seven wells identified in Exhibit A not identified in Findings Paragraph 3, above.

2. Operator shall file a compliance report by June 30, 2007 using the Oil Conservation Division's web-based on-line application.

3. The OCD waives the \$1,000 penalty due under ACOI 114 for Operator's failure to return seven wells to compliance by December 31, 2006.

5. The terms of ACOI 114 otherwise remain in effect.

Done at Santa Fe, New Mexico this 6<sup>th</sup> day of December, 2006

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