

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

NMOCD - ACOI 136-B

IN THE MATTER OF CBS OPERATING CORP.,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 3 of Agreed Compliance Order 136 as amended by Order 136-A (“Order”), the Director of the Oil Conservation Division (“OCD”) hereby amends that Order as follows:

FINDINGS

1. The Order requires CBS Operating Corp. (Operator) to return to compliance with OCD Rule 703 at least eight of the wells identified in Findings Paragraph 4 by December 1, 2006 and file a compliance report by that date.

2. The Order further provides that if Operator returns to compliance with OCD Rule 703 at least eight of the wells identified in Findings Paragraph 4 by December 1, 2006, and files a timely compliance report, the OCD shall issue an amendment extending the terms of the Order and requiring Operator to return the remaining wells identified in Findings Paragraph 4 to compliance by June 1, 2007.

3. The Order further provides that if Operator fails to return to compliance with OCD Rule 703 at least eight of the wells identified in Findings Paragraph 4 by December 1, 2006, Operator shall be subject to a penalty of \$1,000 for each well it failed to return to compliance under the agreed schedule, and the OCD has discretion whether to issue an amendment extending the terms of the Order.

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

30-015-03293	H G Watson #007
30-015-04049	Burnham Grayburg San Andres Unit #001C
30-015-04066	Federal KK #003
30-015-20315	Federal KK #001
30-015-20536	Loco Hills A Federal #002
30-015-20537	Loco Hills B Federal #001

5. Operator filed paperwork after the December 1, 2006 deadline indicating that it has plugged the wellbores of the following wells:

30-015-05034	Featherstone #005
30-015-04406	Federal L #002

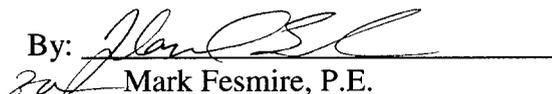
CONCLUSIONS

1. Operator failed to meet its goal of returning eight wells identified in Findings Paragraph 4 to compliance by December 1, 2006, missing its goal by two wells.
2. Operator has demonstrated a good faith attempt to meet its eight-well goal.
3. The OCD should waive the \$2,000 penalty otherwise due under the Order and extend the terms of the Order, requiring Operator to return the remaining wells identified in Findings Paragraph 4 to compliance by June 1, 2007.

ORDER

1. The OCD waives the \$2,000 penalty due under the Order for Operator's failure to meet its goal of returning eight wells to compliance by December 1, 2006.
2. Operator shall return the remaining wells identified in Findings Paragraph 4 to compliance with OCD Rule 703 by June 1, 2007, and file a compliance report on or before that date.
3. The terms of the Order otherwise remain in effect.

Done at Santa Fe, New Mexico this 21st day of December, 2006

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