

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

**NMOCD ACOI 173-B**

**IN THE MATTER OF BC OPERATING, INC.,**

**Respondent.**

**AMENDED  
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 3 of Agreed Compliance Order 173, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

**FINDINGS**

1. Agreed Compliance Order 173 ("ACOI 173") required BC Operating, Inc., ("Operator") to return to compliance with OCD Rule 201 at least four of the wells identified in the Order by March 1, 2008 and file a compliance report by that date. The Order defines compliance to include the filing of the appropriate paperwork.

2. ACOI 173 provided that if Operator returned to compliance with OCD Rule 201 at least four of the wells identified in the Order by March 1, 2008 and filed a timely compliance report, the OCD would issue an amendment extending the terms of ACOI 173 for a second six-month period, requiring Operator to return an additional four wells to compliance by that deadline.

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

- |                                       |              |
|---------------------------------------|--------------|
| • Mary E Wills A Federal No. 008      | 30-025-12776 |
| • Rhodes Yates Coop Fed Com 5 No. 001 | 30-025-32378 |
| • W H Rhodes B Federal NCT 2 No. 004  | 30-025-25691 |
| • W H Rhodes B Federal NCT 2 No. 006  | 30-025-28911 |

4. Because Operator met its compliance goal of four wells for the first six-month period, the OCD amended the Order to extend its terms by six months, and required Operator to return four additional wells identified in the Order to compliance with OCD Rule 201 by October 1, 2008, and file a compliance report by that date.

5. ACOI 173 provides that if Operator fails to return to compliance four of the wells identified in the Order by October 1, 2008, Operator is subject to penalties. ACOI 173 further provides that Operator may request a waiver or reduction of penalties, and an amendment extending the terms of the Order

6. Operator filed a timely compliance report, and the OCD has verified that OCD records indicate that Operator has returned the following well identified in the Order to compliance:

- Rhodes Yates Unit No. 002 30-025-24575

### CONCLUSIONS

1. Operator failed to meet its goal of returning four wells identified in the Order to compliance by October 1, 2008, falling short by three wells.

2. Operator has demonstrated good faith in its attempt to meet its compliance goal. Therefore, the OCD has decided to waive the penalty, and exercise its discretion and amend ACOI 173 to extend its terms through April 1, 2009, requiring Operator to return to compliance by that date four additional wells identified in the Order.

### ORDER

1. Operator shall return to compliance by April 1, 2009 four wells identified in the Order that are not identified in Findings Paragraphs 3 and 6, above.

2. Operator shall file a written compliance report by April 1, 2009 identifying the wells returned to compliance in the third period, 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 (email: daniel.sanchez@state.nm.us) and Assistant General Counsel Sonny Swazo (email: sonny.swazo@state.nm.us) so that it is received by the compliance deadline of April 1, 2009.

3. The terms of ACOI 173 otherwise remain in effect.

Done at Santa Fe, New Mexico this 22<sup>nd</sup> day of October, 2008

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