

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

NMOCD ACOI 180-B

IN THE MATTER OF JOHN R. STEARNS D/B/A STEARNS,

Respondent.

**AMENDED
INACTIVE WELL AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 17 of Inactive Well Agreed Compliance Order 180, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Inactive Well Agreed Compliance Order 180 ("ACOI 180" or "Order") required John R. Stearns d/b/a Stearns ("Operator") to return to compliance with OCD Rule 201 at least six of the wells identified in the Order by May 23, 2008 and file a compliance report by that date.

2. ACOI 180 provided that if Operator returned to compliance with OCD Rule 201 at least six of the wells identified in the Order by May 23, 2008 and filed a timely compliance report, the OCD would issue an amendment extending the terms of ACOI 180 for a second six-month period, requiring Operator to return an additional six wells to compliance by that deadline.

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

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|--------------------------------|--------------|
| • Hahn Federal No. 002; | 30-005-20480 |
| • New Mexico BA State No. 002; | 30-005-21004 |
| • New Mexico BA State No. 004; | 30-005-21023 |
| • Southard 26 No. 004; | 30-005-20675 |
| • Southard A No. 004; | 30-005-20841 |
| • Tom 36 State No. 002; | 30-005-20687 |

4. Because Operator met its compliance goal of six wells for the first six-month period, the OCD amended the Order to extend its terms by six months, requiring Operator to return six additional wells identified in the Order to compliance with OCD Rule 201 by November 24, 2008, and file a compliance report by that date.

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 the Order to compliance:

- | | |
|--------------------------|--------------|
| • Amoco Federal No. 007; | 30-005-20712 |
| • State 32 No. 1; | 30-005-20651 |
| • State 16 No. 001Y; | 30-025-34070 |

6. ACOI 180 provides that if Operator fails to return to compliance six of the wells identified in the Order by November 24, 2008, Operator is subject to penalties. ACOI 180 further provides that Operator may request a waiver or reduction of penalties, and an amendment extending the terms of the Order.

CONCLUSIONS

1. Operator failed to meet its goal of returning six wells identified in the Order to compliance by November 24, 2008, falling short by three wells.

2. Operator has paid a \$3,000.00 penalty for its failure to meet its six well compliance goal by three wells. The OCD has decided to exercise its discretion and amend ACOI 180 to extend its terms through May 24, 2009, requiring Operator to return to compliance by that date six additional wells identified in the Order.

ORDER

1. Operator shall return to compliance by May 24, 2009 six wells identified in the Order that are not identified in Findings Paragraph 3 and 5, above.

2. Operator shall file a written compliance report by May 24, 2009 identifying the wells returned to compliance in the second 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 May 24, 2009.

3. The terms of ACOI 180 otherwise remain in effect.

Done at Santa Fe, New Mexico this 22nd day of December, 2008

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division

John R. Stearns d/b/a Stearns

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