

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

NMOCD - ACOI 200-A

IN THE MATTER OF MERIT ENERGY COMPANY,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 5 of Agreed Compliance Order 200, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 200 ("ACOI 200" or "Order") requires Merit Energy Company ("Operator") to return to compliance with OCD Rule 201 at least five of the wells identified in the Order by April 1, 2009, and file a compliance report by that date.

2. ACOI 200 further provides if Operator returns to compliance with OCD Rule 201 at least five of the wells identified in the Order by April 1, 2009, and files a timely compliance report, the OCD shall issue an amendment extending the terms of ACOI 200 for an additional six-month period, requiring Operator to return to compliance by that date five additional wells identified in the Order.

3. ACOI 200 provides that if Operator fails to meet its compliance goal for a six-month period, Operator is subject to a penalty of \$1,000 for each well it fell short of its goal by and the OCD may exercise discretion determining whether to issue an amendment extending the Order for an additional six-month period.

4. Operator filed a timely compliance report for the first period, and the OCD has verified that OCD records indicate that Operator has returned the following well identified in the ACOI 200 to compliance by April 1, 2009:

- Ryan No. 002 30-015-32582

CONCLUSIONS

1. Operator failed to meet its goal of returning five of the wells identified in the Order to compliance by April 1, 2009, falling short by four wells.

2. Operator paid a \$4,000 penalty for the number of wells it missed its compliance goal by for the first period. The OCD should amend ACOI 200 to extend its terms through October 1, 2009 and require Operator to return to compliance by that date five additional wells identified in the Order.

ORDER

1. Operator shall return to compliance by October 1, 2009 five wells identified in the Order that are not identified in Findings Paragraph 4, above.

2. Operator shall file a written compliance report by October 1, 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 October 1, 2009.

3. The terms of ACOI 200 otherwise remain in effect.

Done at Santa Fe, New Mexico this 28th day of April, 2009

By:



2 Mark Fesmire, P.E.

Director, Oil Conservation Division