

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

NMOCD ACOI 185-C

IN THE MATTER OF CIMAREX ENERGY CO. OF COLORADO,

Respondent.

**THIRD AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 4 of Agreed Compliance Order 185, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 185 ("ACOI 185" or "Order") required Cimarex Energy Co. of Colorado ("Operator") to return to compliance with OCD Rule 201 the Skelly Penrose A Unit No. 30 (30-025-10614), the Skelly Penrose A Unit No. 59 (30-025-10679), and three of the wells identified in ACOI 185 by September 1, 2008, and file a compliance report by that date.

2. ACOI 185 provided that if Operator returned to compliance with OCD Rule 201 the Skelly Penrose A Unit No. 30, the Skelly Penrose A Unit No. 59, and three of the wells identified in ACOI 185 by September 1, 2008 and filed a timely compliance report, the OCD would issue an amendment extending the terms of ACOI 185 for a second six-month period, requiring Operator to return an additional six wells identified in ACOI 185 to compliance by that deadline.

3. Operator filed a timely compliance report, and the OCD verified that the following wells identified in ACOI 185 were returned to compliance by September 1, 2008:

- | | |
|--------------------------------|--------------|
| ● Hodge No. 003 | 30-025-11059 |
| ● Mallon 34 Federal No. 007 | 30-025-32782 |
| ● Mallon 34 Federal No. 010 | 30-025-32785 |
| ● Skelly Penrose A Unit No. 30 | 30-025-10614 |
| ● Skelly Penrose A Unit No. 59 | 30-025-10679 |

4. Because Operator returned the Skelly Penrose A Unit No. 30, the Skelly Penrose A Unit No. 59, and three of the wells identified in ACOI 185 to compliance with OCD Rule 201 by September 1, 2008, OCD amended ACOI 185 extending its terms by an additional six months, requiring Operator to return to six additional wells identified in

ACOI 185 to compliance with OCD Rule 201 by March 2, 2009, and file a compliance report by that date.

5. ACOI 185 provided that if Operator returned to compliance with OCD Rule 201 at least six of the wells identified in ACOI 185 by March 2, 2009, and filed a timely compliance report, the OCD would issue an amendment extending the terms of ACOI 185 for an additional six-month period, requiring Operator to return to compliance by that date six additional wells identified in ACOI 185.

6. ACOI 185 provides that if Operator fails to bring the number of wells into compliance required in a period covered by ACOI 185 or amendments issued to ACOI 185, Operator is subject to a penalty. Once Operator pays the penalty or applies for waiver or reduction of the penalty, the OCD may, in its discretion, amend ACOI 185 extending its terms for an additional six-month period.

7. Operator filed a timely compliance report, and the OCD verified that the following five wells identified in ACOI 185 were returned to compliance by March 2, 2009:

- Monterey State No. 001 30-015-05659
- Monterey B State No. 003 30-015-05664
- Rhodes Federal Unit No. 211 30-025-12031
- Wadi 9 Federal No. 002 30-015-29818
- Wadi 15 Federal No. 001 30-015-29764

8. Operator paid a \$1,000 penalty for the number of wells it missed its compliance goal by for the March 2, 2009 compliance deadline. OCD decided to exercise its discretion and amend ACOI 185 extending its terms for an additional six-month period and requiring Operator to bring six additional wells identified in ACOI 185 into compliance by September 2, 2009.

9. Operator filed a timely compliance report, and the OCD has verified that OCD records indicate that Operator has returned the following eight wells identified in ACOI 185 to compliance by September 2, 2009:

- Monterey State No. 005 30-015-10195
- New Mexico L 61 State No. 002 30-025-34309
- New Mexico Y State No. 004 30-015-10492
- Pennzoil 10 Federal No. 002 30-015-22326
- Skelly Penrose A Unit No. 007 30-025-10559
- State LF 32 No. 001 30-025-28174
- Shugart (APCO) A No. 003 30-015-05630
- West Shugart 29 Federal No. 004 30-015-30870

10. ACOI 185 provides that if, in any six-month period, Operator returns more wells to compliance than the number required under ACOI 185 for that six-month period,

the wells in excess of the number required will count towards the Operator requirements for the next six-month period.

CONCLUSIONS

1. Operator has returned eight wells to compliance, exceeding its goal of returning six of the wells identified in ACOI 185 to compliance by September 2, 2009, by two wells.

2. The OCD should amend ACOI 185 to extend its terms through March 2, 2010 and require Operator to return to compliance by that date four additional wells identified in ACOI 185.

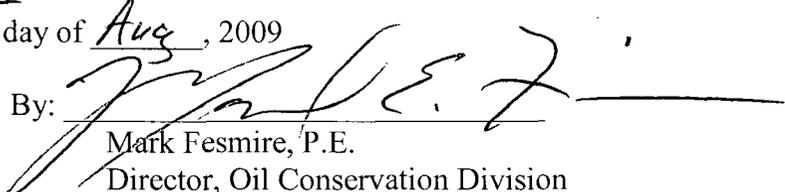
ORDER

1. Operator shall return to compliance by March 2, 2010 four wells identified in ACOI 185 that are not identified in Findings Paragraph 3, 7 or 9, above.

2. Operator shall file a written compliance report by March 2, 2010 identifying the well(s) it returned to compliance in the fourth and final period of the Order, stating the date the well(s) were returned to compliance, and stating how the well(s) were returned to compliance (returned to production or other beneficial use; wellbore plugged; or placed on approved temporary abandonment status). The 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 (email: sonny.swazo@state.nm.us) so that it is received by compliance deadline March 2, 2010.

3. The terms of ACOI 185 otherwise remain in effect.

Done at Santa Fe, New Mexico this 31st day of Aug, 2009

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division