

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

NMOCD - ACOI 200-B

IN THE MATTER OF MERIT ENERGY COMPANY,

Respondent.

**SECOND AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 4 of Inactive Well Agreed Compliance Order 200 (“ACOI 200” or “Order”), the Director of the Oil Conservation Division (“OCD”) hereby amends that order as follows:

FINDINGS

1. ACOI 200 required Merit Energy Company (“Operator”) to return to compliance with OCD Rule 201 at least 5 of the wells identified in the Order by April 1, 2009, and file a compliance report by that date.

2. ACOI 200 provides that when the OCD receives a timely compliance report indicating that Operator has returned at least 5 wells to compliance and verifies the accuracy of that report, and verifies that Operator is in compliance with OCD’s financial assurance requirements, the OCD will issue an amendment to the Order extending its terms for an additional six-month period.

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

- Ryan No. 002 30-015-32582

4. 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.

5. Operator paid a \$4,000 penalty for its failure to meet its compliance goal for the first period. OCD exercised its discretion and amended ACOI 200, extending its terms for an additional six-month period and requiring Operator to bring 5 additional wells identified in the Order into compliance by October 1, 2009.

6. Operator has filed a timely compliance report for the second period, and the OCD has verified that OCD records indicate that Operator has returned the following 5 wells identified in ACOI 200 to compliance:

- H E West B No. 029 30-015-10376
- H E West B No. 090 30-015-28469
- Lotsa Luck 29 Federal COM No. 003 30-015-33742
- Mescalero Ridge Unit No. 269 30-025-27204
- Turner B No. 001 30-015-05181

CONCLUSIONS

1. Operator has met its goal of returning 5 of the wells identified in ACOI 200 to compliance by October 1, 2009.

2. The OCD should amend ACOI 200 to extend its terms through April 1, 2010 and require Operator to return to compliance by that date 5 additional wells identified in the Order.

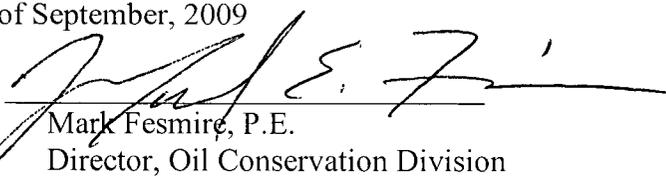
ORDER

1. Operator shall return to compliance by April 1, 2010 5 wells identified in ACOI 200 that are not identified in Findings Paragraph 3 and 6, above.

2. Operator shall file a written compliance report by April 1, 2010 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, 2010.

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

Done at Santa Fe, New Mexico this 15th day of September, 2009

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division