

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

NMOCD - ACOI 207-A

IN THE MATTER OF JAY MANAGEMENT COMPANY, LLC,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 6 of Agreed Compliance Order 207, the Director of the Oil Conservation Division (“OCD”) hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 207 (“ACOI 207” or “Order”) requires Jay Management Company, LLC (“Operator”) to return to compliance with OCD Rule 19.15.25.8 at least three of the wells identified in the Order by December 1, 2009, and file a compliance report by that date. The Order defines compliance to include the filing of the appropriate paperwork documenting the completed corrective action.

2. ACOI 207 provides that if Operator returns to compliance with OCD Rule 19.15.25.8 at least three of the wells identified in the Order by December 1, 2009, files a timely compliance report, and is in compliance with the financial assurance requirements of the Order, the OCD shall issue an amendment extending the terms of ACOI 207 for an additional six-month period, requiring Operator to return to compliance by that date three additional wells identified in the Order.

3. ACOI 207 provides that if Operator fails to bring the number of wells into compliance required in a six-month period covered by the Order or amendments issued to the Order, Operator is subject to a penalty of \$1000 times the number of wells it failed to bring into compliance under its schedule for the applicable six-month period, and the OCD may, in its discretion, issue an amendment to the Order extending its terms for an additional six-month period. Operator may request a waiver or reduction of the penalty.

4. Operator filed a compliance report, and the OCD’s Hobbs District Office has confirmed that Operator plugged the following two wells this month:

- Collier #001 30-025-00994
- Queen COM 30-025-22642

CONCLUSIONS

1. Operator failed to meet its goal of returning at least three of the wells identified in the Order to compliance by December 1, 2009.
2. Operator is subject to a \$3,000 penalty.
3. OCD should waive \$2,000 of the \$3,000 penalty due to the two wells that Operator plugged this month.
4. Operator paid the \$1,000 penalty for the well it is currently plugging.
5. The OCD should exercise its discretion and amend ACOI 207 to extend its terms through June 1, 2010, requiring Operator to return to compliance by that date at least three additional wells identified in the Order that are not identified in Findings Paragraph 4 above, and file a compliance report by that date.

ORDER

1. The OCD waives \$2,000 of the \$3,000 penalty that would otherwise apply under the Order.
2. Operator shall return to compliance by June 1, 2010 at least three of the wells identified in the Order that are not identified in Findings Paragraph 4, above.
3. Operator shall file a written compliance report by June 1, 2010 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 June 1, 2010.
4. The terms of ACOI 207 otherwise remain in effect.

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

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