

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

**NMOCD ACOI 216-A**

**IN THE MATTER OF CELERO ENERGY II, LP,**

**Respondent.**

**AMENDED  
INACTIVE WELL AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 5 of Inactive Well Agreed Compliance Order 216, the Director of the Oil Conservation Division (“OCD”) hereby amends that order as follows:

**FINDINGS**

1. Inactive Well Agreed Compliance Order 216 (“ACOI 216” or “Order”) requires Celero Energy II, LP (“Operator”) to return to compliance with OCD Rule 19.15.25.8 NMAC (“Part 25.8”) by September 1, 2010 at least 8 of the wells identified in Exhibit “A” of ACOI 216, and file a compliance report by that date.

2. ACOI 216 provides that of the 8 wells Operator is required to bring into compliance with Part 25.8 by September 1, 2010, at least 4 of the 8 wells shall be wells that are identified in Exhibit “A” of ACOI 216 as having a date of last production of 1990 or older.

3. ACOI 216 further provides that if Operator returns at least 8 wells identified in Exhibit “A” of ACOI 216 to compliance with Part 25.8 by September 1, 2010, with at least 4 of the 8 wells being wells identified in Exhibit “A” of ACOI 216 as having a date of last production of 1990 or older, files a timely compliance report, and is in compliance with additional financial assurance requirements, the OCD shall issue an amendment extending the terms of ACOI 216 for a second six-month period, requiring Operator to return an additional 8 wells identified in Exhibit “A” of ACOI 216 to compliance by that deadline, with at least 4 of the 8 wells being wells identified in Exhibit “A” of ACOI 216 as having a date of last production of 1990 or older, and file a compliance report by that deadline.

4. Operator filed a timely compliance report, and the OCD has verified that OCD records indicate that Operator has returned the following 8 wells identified in the Order to compliance:

<b><u>API</u></b>	<b><u>WELL</u></b>	<b><u>LAST PRODUCTION</u></b>
30-025-31882	CONE #004	01/1996
30-025-00291	ROCK QUEEN UNIT #004	02/1999

30-025-00292	ROCK QUEEN UNIT #005	08/1996
30-005-00839	ROCK QUEEN UNIT #009	12/1992
30-005-00830	ROCK QUEEN UNIT #020	11/1986
30-005-00834	ROCK QUEEN UNIT #022	11/1984
30-005-00816	ROCK QUEEN UNIT #025	08/1986
30-005-00812	ROCK QUEEN UNIT #027	09/1986

### CONCLUSIONS

1. Operator has met its goal of returning at least 8 of the wells identified in Exhibit "A" of ACOI 216 to compliance with Part 25.8 by September 1, 2010, with at least 4 of the 8 wells being wells identified in Exhibit "A" of ACOI 216 as having a date of last production of 1990 or older.

2. The OCD should amend ACOI 216 to extend its terms through March 1, 2011 and require Operator to return to compliance by that date at least 8 additional wells identified in Exhibit "A" of ACOI 216, with at least 4 of the 8 wells being wells identified in Exhibit "A" as having a date of last production of 1990 or older. None of the wells should be wells identified in Findings Paragraph 4, above.

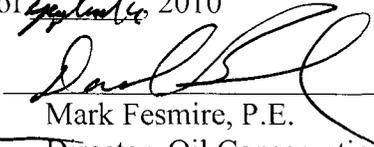
### ORDER

1. Operator shall return at least 8 additional wells identified in Exhibit "A" of ACOI 216 to compliance with Part 25.8 by March 1, 2011, with at least 4 of the 8 wells being wells identified in Exhibit "A" of ACOI 216 as having a date of last production of 1990 or older. None of the wells shall be wells identified in Findings Paragraph 4, above.

2. Operator shall file a written compliance report by March 1, 2011 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 March 1, 2011.

3. The terms of ACOI 216 otherwise remain in effect.

Done at Santa Fe, New Mexico this 8<sup>th</sup> day of September, 2010

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