

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

NMOCD – ACO- 280

IN THE MATTER OF BP AMERICA PRODUCTION COMPANY,

Respondent.

**BELOW-GRADE TANK
AGREED COMPLIANCE ORDER**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act") and OCD Rule 19.15.17 NMAC, the Director of the Oil Conservation Division ("OCD") and BP America Production Company ("Operator") enter into this Below-Grade Tank Agreed Compliance Order ("Order" or "ACO") under which Operator agrees to bring the below-grade tanks, identified herein, into compliance with the Act and OCD Rule 19.15.17 NMAC. Operator shall do so in accordance with the following agreed schedule and procedures, and understands that the OCD may decide not to enter into another agreement with Operator if Operator fails to meet the schedule set out in this Order.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act, and rules and orders adopted pursuant to the Act.
2. Operator is a corporation doing business in the state of New Mexico.
3. Operator is the operator of record under OGRID 778 for the below-grade tanks identified in Exhibit "A."
4. OCD Rule 19.15.17.11(I) NMAC states, in relevant part:

The operator of a single walled below-grade tank constructed and installed prior to June 16, 2008 and where any portion of the tank sidewall is below the ground surface and not visible shall equip or retrofit the below-grade tank to comply with Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC, or close it, by June 16, 2013. If the existing below-grade tank does not demonstrate integrity, the operator shall promptly drain the below-grade tank, remove it from service and comply with the closure requirements of 19.15.17.13 NMAC.

5. The below-grade tanks identified in Exhibit "A" are out of compliance with Rule 19.15.17 NMAC as of June 17, 2013.

6. The below-grade tanks identified in Exhibit "A" could result in Operator facing sanctions.
7. Sanctions for being out of compliance with OCD Rule 19.15.17 NMAC include the possibility of the OCD seeking a Compliance Order against Operator.
8. The OCD and Operator enter into this agreement to allow Operator to complete its improvements while not being subject to sanctions.
9. Operator will be subject to sanctions if it fails to meet the terms of this Agreed Compliance Order.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. The below-grade tanks identified in Exhibit "A" are out of compliance with OCD Rule 19.15.17 NMAC as of June 17, 2013.
3. As operator of the below-grade tanks identified in Exhibit "A," Operator is responsible for bringing those below-grade tanks into compliance with OCD Rule 19.15.17 NMAC.
4. The OCD and Operator enter into this agreement to allow Operator to complete its improvements while not being subject to sanctions under OCD Rule 19.15.17 NMAC.

ORDER

1. Operator agrees to bring fifty (50) below-grade tanks identified in Exhibit "A" into compliance with OCD Rule 19.15.17 NMAC by June 30, 2014.
2. Operator shall file a compliance report identifying each below-grade tank returned to compliance and stating the date it was returned to compliance. The written compliance report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager and to the OCD hydrologist in charge of below-grade tanks so that it is **received by** the compliance deadline of June 30, 2014. The total length of this Agreed Compliance Order is six months.
4. Operator understands that if it fails to meet the terms of this Order, the OCD may decide not to enter into any further agreed compliance orders with Operator.
5. By signing this Order, Operator expressly:

- (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - (b) agrees to return to compliance fifty (50) below-grade tanks identified in Exhibit "A" by June 30, 2014;
 - (c) agrees to submit a compliance report as required in Ordering Paragraph 2 by the June 30, 2014 compliance deadline set by this Order;
 - (d) waives any right, pursuant to the Oil and Gas Act or otherwise, to an appeal from this Order, or to a hearing either prior to or subsequent to the entry of this Order; and
 - (e) agrees that the Order may be enforced by OCD or Oil Conservation Commission Order, by suit or otherwise to the same extent and with the same effect as a final Order of the OCD or Oil Conservation Commission entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.
7. This Order applies only to the enforcement of OCD Rule 19.15.17 NMAC against those below-grade tanks identified in Exhibit "A." Other than the below-grade tanks identified in Exhibit "A", Operator acknowledges that if it is out of compliance with OCD Rule 19.15.17 NMAC on any other matter Operator may be subject to immediate enforcement action under the Oil and Gas Act and OCD Rules.

Done at Santa Fe, New Mexico this 3rd day of January, 2014.

By: Jamie Bailey
Jamie Bailey, OCD Director

ACCEPTANCE

BP America Production Company hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

BP America Production Company

By: Jerry Austin
Jerry Austin
Title: Area Operations Manager
Date: 1-3-14

Exhibit A to Agreed Compliance Order for BP America Production Company

Sites To Be Complete by 6/30/2014

Site	Well Name	Tank API #	Tank ID	Tank Construction
1	ARCHULETA GC A 001	3004508670A	A	Single/Double
2	ARCHULETA GC A 003	3004508665A	A	Single/Double
3	ATLANTIC B LS 005	3004509958A	A	Single/Double
4	BARRETT LS 004	3004510598A	A	Single/Single
5	CALLOW 012	3004507741A	A	Single/Single
6	FIELDS A 007R	3004526996B	B	Single/Double
	FIELDS A 007R	3004526996A	A	Single/Single
7	FLORANCE 027	3004507807A	A	Double/Double
	FLORANCE 027	3004507807B	B	Double/Double
	FLORANCE 027	3004507807C	C	Single/Double
8	FLORANCE 114 002S	3004531376A	A	Single/Double
9	FLORANCE C LS 004	3004507130A	A	Single/Single
10	FLORANCE GC J 016	3004509800A	A	Single/Double
	FLORANCE GC J 016	3004509800B	B	Single/Single
	FLORANCE GC J 016	3004509800C	C	Single/Single
11	GAGE COM 001E	3004524917A	A	Single/Single
12	GARTNER A 005B	3004528959A	A	Single/Single
13	GCU 055	3004507044A	A	Single/Single
14	GCU 058	3004506978A	A	Single/Single
15	GCU 059	3004506975A	A	Single/Single
16	GCU 106E	3004524188A	A	Single/Double
17	GCU 13 SWD 001	3004528601A	A	Single/Single
18	GCU 152E	3004524553A	A	Single/Single
19	GCU 170E	3004524175A	A	Single/Double
20	GCU 195	3004511592A	A	Single/Single
21	GCU 213	3004511618A	A	Single/Single
22	GCU 218E	3004524272A	A	Single/Single
23	GCU 242E	3004523901A	A	Single/Single
	GCU 242E	3004523901B	B	Single/Double
24	GCU 279	3004523603A	A	Single/Single
25	GCU 313	3004524730A	A	Single/Single
26	GCU 509	3004528170A	A	Single/Double
27	GCU 555	3004530683A	A	Single/Single
28	GCU 569	3004530330A	A	Single/Single

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29	GCU COM I 181E	3004524736A	A	Single/Double
	GCU COM I 181E	3004524736B	B	Double/Double
30	JAQUEZ GC B 001-MV	3004508676A	A	Single/Double
31	JAQUEZ GC B 003-DK	3004508675A	A	Single/Double
	JAQUEZ GC B 003-DK	3004508675B	B	Single/Double
32	LINDSEY A LS 001	3004509368A	A	Single/Double
33	MOORE 011	3004526666A	A	Single/Single
	MOORE 011	3004526666B	B	Single/Double
34	MUDGE LS 007	3004510431A	A	Single/Double
	MUDGE LS 007	3004510431B	B	Single/Double
35	MUDGE LS 031	3004520993A	A	Single/Double
36	NAVAJO ALLOTTED GC B 001	3004506991A	A	Double/Double
	NAVAJO ALLOTTED GC B 001	3004506991B	B	Single/Double
37	NEIL A 006A	3004522843A	A	Double/Double
	NEIL A 006A	3004522843B	B	Single/Single
38	NEIL LS 011	3004521064A	A	Single/Single
39	PRITCHARD A 001	3004511920A	A	Single/Double
	PRITCHARD A 001	3004511920B	B	Single/Double
40	PRITCHARD A 011-FT	3004528357A	A	Single/Double
41	RIDDLE C 006	3004526787A	A	Single/Single
	RIDDLE C 006	3004526787B	B	Single/Single
42	RIDDLE C 007	3004526839A	A	Single/Double
43	RIDDLE C LS 002	3004510372A	A	Single/Double
44	RIDDLE C LS 002A	3004522451B	A	Single/Single
45	SAN JUAN GRAVEL A 001	3004507963A	A	Double/Double
46	STOREY B LS 004	3004509624A	A	Single/Single
47	STOREY D 001M	3004529247A	A	Single/Double
48	THURSTON COM A 001	3004524042A	A	Single/Double
49	VALENCIA GC B 001	3004508203A	A	Single/Double
50	VALENCIA GC C 001	3004520978A	A	Single/Double