

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

NMOCD - ACOI-251

IN THE MATTER OF BURGUNDY OIL AND GAS OF NM, INC.,

Respondent.

INACTIVE WELL
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 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and Burgundy Oil and Gas of NM, Inc., ("Operator") enter into this Inactive Well Agreed Compliance Order ("Order" or "ACOI") under which Operator agrees to plug, place on approved temporary abandonment status or restore to production or other beneficial use the wells identified herein pursuant to the Act and OCD Rule 19.15.25.8 NMAC in accordance with the following agreed schedule and procedures, and understands that the OCD may decide not to enter into any further agreed compliance orders 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 3044 for the wells identified in Exhibit "A," attached.
4. OCD Rule 19.15.25.8 NMAC states, in relevant part:

"A. The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.

B. The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:

....
....

(3) a period of one year in which a well has been continuously inactive."

5. The wells identified in Exhibit "A"

- (a) have been continuously inactive for a period of one year plus 90 days;
- (b) are not plugged or abandoned in accordance with OCD Rule 19.15.25.9 NMAC through 19.15.25.11 NMAC; and
- (c) are not on approved temporary abandonment status in accordance with OCD Rule 19.15.25.12 NMAC through 19.15.25.14 NMAC.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. The wells identified in Exhibit "A" are out of compliance with OCD Rule 19.15.25.8 NMAC.
3. As operator of the wells identified in Exhibit "A," Operator is responsible for bringing those wells into compliance with OCD Rule 19.15.25.8 NMAC.

ORDER

1. Operator agrees to bring the **EUNICE MONUMENT UNIT #010** (30-025-06204), **EUNICE MONUMENT UNIT #011** (30-025-06183), **EUNICE MONUMENT UNIT #033** (30-025-21715) and at least two of the wells identified in Exhibit "A" as having a date of last production of 1992 (**EUNICE MONUMENT UNIT #009** (30-025-06203), **EUNICE MONUMENT UNIT #012** (30-025-06184), and **EUNICE MONUMENT UNIT #020** (30-025-04319)), into compliance with OCD Rule 19.15.25.8 NMAC by July 17, 2012 by
 - (a) restoring the well to production or other OCD-approved beneficial use and filing a C-115 documenting such production or use;
 - (b) causing the wellbore to be plugged in accordance with OCD Rule 19.15.25.10(B) NMAC and filing a C-103 describing the completed work; or
 - (c) placing the well on approved temporary abandonment status in accordance with OCD Rule 19.15.25.12 NMAC through 19.15.25.14 NMAC.
2. Oil and gas produced during swabbing does not count as production for purposes of this Order.
3. Operator shall file a compliance report 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.)

Transfer of a well identified on Exhibit "A" to another operator does not count towards Operator's obligation to return wells to compliance under the terms of this Order, but does reduce the total number of wells for which Operator is responsible under the terms of this Order. The written compliance report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager and to the OCD attorney in charge of inactive well agreed compliance orders so that it is received by the compliance deadline of July 17, 2012. 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. Thirty days after the compliance deadline set by this Order, any wells on Exhibit "A" not in compliance with OCD Rule 19.15.25.8 NMAC will appear on the inactive well list kept pursuant to OCD Rule 19.15.5.9(F) NMAC.
6. By signing this Order, Operator expressly:
 - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - (b) agrees to return the the **EUNICE MONUMENT UNIT #010** (30-025-06204), **EUNICE MONUMENT UNIT #011** (30-025-06183), **EUNICE MONUMENT UNIT #033** (30-025-21715) and at least two of the wells identified in Exhibit "A" as having a date of last production of 1992 (**EUNICE MONUMENT UNIT #009** (30-025-06203), **EUNICE MONUMENT UNIT #012** (30-025-06184), and **EUNICE MONUMENT UNIT #020** (30-025-04319)), into compliance with OCD Rule 19.15.25.8 NMAC by July 17, 2012;
 - (c) agrees to submit a compliance report as required in Ordering Paragraph 3 by the July 17, 2012 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 other than a hearing on a request for waiver or reduction of penalties; 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 19.15.25.8 NMAC against those wells identified in Exhibit "A." Other wells operated by Operator out of compliance with OCD Rule 19.15.25.8 NMAC may be subject to immediate enforcement action under the Oil and Gas Act and OCD Rules. Wells identified in Exhibit "A" that are out of compliance with the Oil and Gas Act or

OCD Rules other than OCD Rule 19.15.25.8 NMAC may be subject to immediate enforcement action under the Oil and Gas Act and OCD Rules.

8. The OCD reserves the right to file an application for hearing to obtain authority to plug any well identified in Exhibit "A" and forfeit the applicable financial assurance if the well poses an immediate environmental threat.

Done at Santa Fe, New Mexico this 19th day of August, 2012

By: _____

Jamie Bailey

Director, Oil Conservation Division

ACCEPTANCE

Burgundy Oil and Gas of NM, Inc. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

Burgundy Oil and Gas of NM, Inc.

By: _____

(Please print name) Bob Statton

Title: Vice-President

Date: 1-17-12

Exhibit A to Agreed Compliance Order for Burgundy Oil and Gas of NM, Inc.

Inactive Well List

Total Well Count: 120 Inactive Well Count: 10

Printed On: Monday, January 09 2012

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-06203	EUNICE MONUMENT UNIT #009	D-21-20S-37E	D	3044	BURGUNDY OIL & GAS OF N M INC	P	O	06/1992	INT TO PA 07/11/2011	T	7/21/2010
1	30-025-06204	EUNICE MONUMENT UNIT #010	C-21-20S-37E	C	3044	BURGUNDY OIL & GAS OF N M INC	P	O	10/1983	G-SA / INT TO RWTP 10/31/2011	T	8/29/2010
1	30-025-06183	EUNICE MONUMENT UNIT #011	2-19-20S-37E	E	3044	BURGUNDY OIL & GAS OF N M INC	S	O	03/1980	TA EXP 8-31-2010 INT TO RWTP 10/31/11	T	8/31/2010
1	30-025-06184	EUNICE MONUMENT UNIT #012	F-19-20S-37E	F	3044	BURGUNDY OIL & GAS OF N M INC	S	O	12/1992	TA EXP 8-22-2010 INT TO RWTP 10/31/11	T	8/22/2010
1	30-025-04319	EUNICE MONUMENT UNIT #020	I-24-20S-36E	I	3044	BURGUNDY OIL & GAS OF N M INC	P	O	12/1992	G-SA /INT TO RWTP 06/22/2011	T	9/8/2010
1	30-025-06173	EUNICE MONUMENT UNIT #022	K-19-20S-37E	K	3044	BURGUNDY OIL & GAS OF N M INC	S	I	12/2002	G-SA /INT TO PA 10/31/2011	T	10/5/2010
1	30-025-04318	EUNICE MONUMENT UNIT #027	P-24-20S-36E	P	3044	BURGUNDY OIL & GAS OF N M INC	P	O	10/1994	G-SA / INT TO PA 07/11/2011	T	9/15/2010

ACOI

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1	30-025-21715	EUNICE MONUMENT UNIT #033	N-20-20S-37E	N	3044	BURGUNDY OIL & GAS OF N M INC	P	O	03/1989	G-SA / INT TO PA 06/08/2011	T	8/24/2010
1	30-025-20379	STATE AO #002	8-2 -21S-36E	A	3044	BURGUNDY OIL & GAS OF N M INC	S	G	06/1998	YATES SEVEN RIVERS	T	5/8/2011
1	30-025-02177	STATE VACUUM UNIT #019	O-32-17S-34E	O	3044	BURGUNDY OIL & GAS OF N M INC	S	I	10/2009	SAN ANDRES		

WHERE Ogrid:3044, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Burgundy Oil and Gas of NM, Inc.

By: M. Statten
Title: Vice-President