



ConocoPhillips Company
600 North Dairy Ashford
Houston, TX 77079-1175

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August 25, 2016

VIA CERTIFIED RETURN RECEIPT

State of New Mexico
Energy, Minerals, and Natural Resources Dept.
Oil Conservation Division
Attn: Mr. Daniel Sanchez
1220 South Saint Francis Dr.
Santa Fe, New Mexico 87505

2016 SI ACOI 005 A-1

SUBJECT: APPLICATION FOR AGREED UPON COMPLIANCE ORDER FOR INACTIVE WELL
~~ANDERSON-RANGE #204~~ (API 30-025-34272)

Dear Mr. Sanchez:

ConocoPhillips Company is seeking approval from the New Mexico Oil Conservation Division to enter into an Agree Compliance Order for Inactive Wells (ACOI) as provided by NMAC 19.15.5.9. The well is located in Section 14, Township 16S, Range 32E, Lea County, NM at 1488' FNL and 1310' FWL.

We are seeking ACOI approval for this well because it has not produced since May 2014. In 2015 we decided to plug and abandon the well due to economics at the time. Grand Banks Energy exercised their lease rights to assume operatorship, so abandonment operations did not occur. The assignment has been fully executed by both companies. However, transfer of operator cannot be approved due to compliance issues being resolved by Grand Banks Energy.

ConocoPhillips Company no longer has rights to operate this well, even though we are operator of record. Thus we are seeking this relief. Our understanding is that the well will be activated when Grand Banks Energy becomes operator of record within the next six months.

If you have any questions regarding the enclosed application, Susan Maunder can be reached at the address above, phone number (281) 206-5281, or email Susan.B.Maunder@conocophillips.com

Sincerely,

Richard A. Brazier
Manager, Health, Safety, Environment,
and Regulatory-MCBU

Enclosures

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

NMOCD - ACOI- _____

IN THE MATTER OF CONOCOPHILLIPS COMPANY

**INACTIVE WELL
AGREED COMPLIANCE ORDER**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38 ("Act"), as amended, and OCD rules, the Director of the Oil Conservation Division (OCD) and ConocoPhillips Company (Operator); enter into this Agreed Compliance Order (Order or ACOI) under which Operator agrees to the schedule and procedures provided in this Order for bringing its wells into compliance, and understands that the OCD may seek additional enforcement of this Order should the Operator fail to meet the deadlines established herein.

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 Company doing business in the State of New Mexico and is registered with the OCD under Oil and Gas Reporting Identification (OGRID) No. 217817.
3. Operator is the operator of record under OGRID 217817 for the wells identified in Exhibit "A", attached.
4. 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 (or soon will be) continuously inactive for a period of one year plus 90 days;
 - b. are not plugged or abandoned in accordance with 19.15.25.9 NMAC through 19.15.25.11 NMAC; and
 - c. are not in approved temporary abandonment status in accordance with 19.15.25.12 NMAC through 19.15.25.14 NMAC.

{ _____ } ACOI
_____, OGRID _____

6. As the operator of record of 4488 wells, to be in compliance with 19.15.5.9.A(4) NMAC, Operator may have no more than 10 wells out of compliance with 19.15.25.8 NMAC. See 19.15.5.9.A(4) NMAC.
7. Pursuant to 19.15.5.10.E NMAC, the OCD and Operator wish to enter into this ACOI to resolve violations of the Act and its rules.

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, or soon will be out of compliance, with 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 19.15.25.8 NMAC.
4. The OCD and Operator are entering into this ACOI, which sets a schedule for Operator to return the wells identified in Exhibit "A" to compliance.

ORDER

1. Operator agrees to bring the wells listed in Exhibit "A" into compliance with 19.15.25.8 NMAC within 48 months following the date the well became inactive as defined by 19.15.25.8 NMAC, and is provided in Exhibit "A", by either:
 - 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 well to be plugged and abandoned in accordance with 19.15.25.10 NMAC and filing the C-105 as provided in 19.15.25.11 NMAC;
 - c. or placing the well in approved temporary abandonment pursuant to 15.15.25 NMAC.
2. Operator also agrees that it will perform the test specified for each well on Exhibit "A" one year from the effective date of this Order, and then again two years from the effective date of this Order for each well in Exhibit "A", and shall provide results of each test to OCD's Enforcement and Compliance Manager at 1220 S. St. Francis Drive, Santa Fe, NM 87505 within 30 days of completion of the test.
3. If Operator has additional wells that become out of compliance, or will soon be out of compliance, with 19.15.25.8 NMAC, Exhibit "A" may be amended to include such wells if the OCD approves the amendment. For the additional wells, Operator shall conduct the tests required in Ordering Paragraph 2 above on or before the dates specified in Exhibit "A".
4. If the Operator returns a well to compliance with 19.15.25.8 NMAC the well shall no longer be considered part of Exhibit "A".
5. Operator shall file a compliance report identifying each well returned to compliance, stating the date it was returned to compliance, and describing the work performed to return the well

} ACOI

; OGRID _____

to compliance, in addition to any other forms or documentation required by OCD rules for the work performed. The written compliance report must be mailed to the attention of OCD's Enforcement and Compliance Manager and to the Office of General Counsel at 1220 S. St. Francis Drive, Santa Fe, NM 87505, so that it is **received within 10 business days** after return to compliance.

6. By signing this Order, Operator expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to meet the deadlines established in Ordering Paragraphs 1 through 5 above;
 - c. agrees to perform the tests and submit test results as required in Ordering Paragraph 2;
 - d. agrees to submit compliance reports as required in Ordering Paragraph 5;
 - e. waives any right, pursuant to the Oil and Gas Act to an appeal from this Order, or to a hearing either prior to or subsequent to the entry of this Order regarding the matters resolved hereby; and
 - f. 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. Operator understands that if it fails to meet the terms of this Order, the OCD may seek enforcement pursuant to the New Mexico Oil and Gas Act, including monetary penalties as authorized under NMSA 1978, § 70-2-31.
8. If a well poses a risk relating to the conservation of oil and gas or the protection of public health and the environment, the OCD reserves the right to file an application for hearing to require Operator to plug any well identified in Exhibit "A", or if the Operator fails to plug the well to obtain authority to plug the well and forfeit the applicable financial assurance.

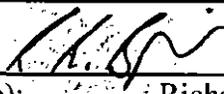
Done at Santa Fe, New Mexico this _____ day of _____, 2016

By: _____
David Catanach
Director, Oil Conservation Division

ACCEPTANCE

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

{ _____ } ACOI
_____, OGRID _____

By: 

(Please print name): Richard Brazier

Title: Manager, Health, Safety, Environment, Regulatory-MCBU

Date: 08/25/16

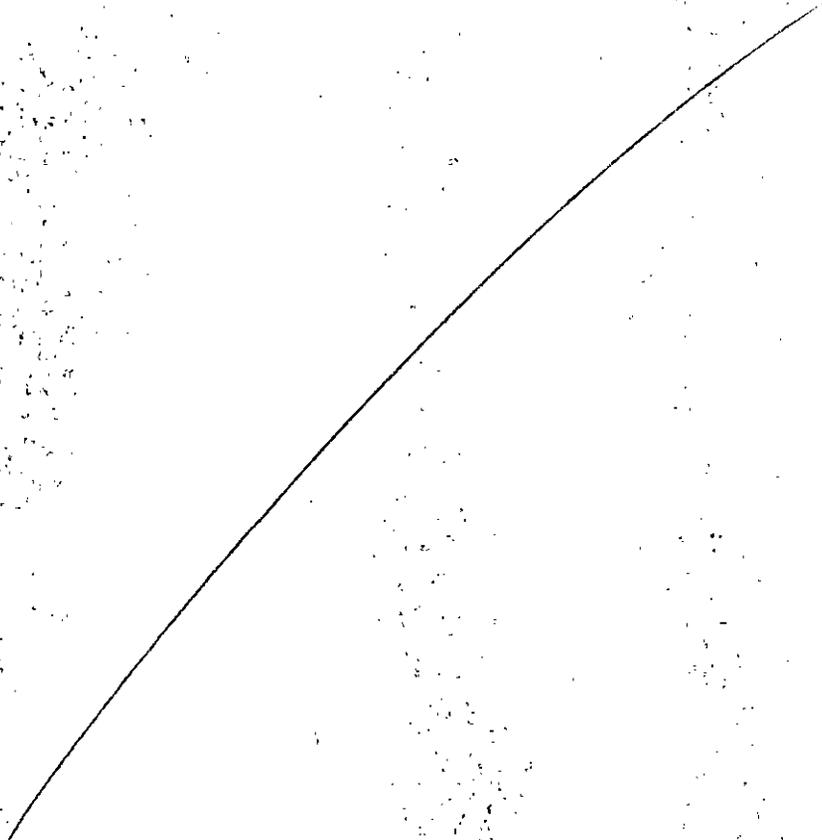


Exhibit A to Agreed Compliance Order for

_____, Inactive wells:

ConocoPhillips Company, Eddy and Lea County New Mexico Shut-in Wells

API#	Well Name/#	Lease Type	Well Type	Last Produced	15 mo inactive	1 st Test	2 nd Test
30-025-34272	Anderson Ranch 201	S	G	May-15	Aug-16		

By: _____
Title: _____