

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary Designate

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



August 13, 2019

Devon Energy Production Company, LP
ATTN: Catherine Lebsack
333 West Sheridan Avenue
Oklahoma City, OK 73102-5010

Re: ACOI No. 379
Operator: Devon Energy Production Company, LP; OGRID No. 6137

Dear Operator:

Thank you for returning the signed agreed compliance order regarding inactive wells operated by Devon Energy Production Company, LP (Devon). Enclosed is a copy of the fully executed order.

The Order requires Devon to bring the wells identified in the Order into compliance with Rule 19.15.25.8 NMAC by **August 1, 2020**. Please remember that to bring a well into compliance under the order, Devon must not only plug the wellbore, place the well on approved temporary abandonment, or return it to production or other beneficial use, Devon must also file the appropriate paperwork. For example, if Devon plugs the wellbore of a well, it must also file a C-103 subsequent report on the plugging. You may wish to confirm the status of each well on the list with the appropriate district office prior to the expiration of the Order.

The Order also requires Devon to file a compliance report with the Oil Conservation Division (OCD) Compliance and Enforcement Manager, Daniel Sanchez, by **August 1, 2020**. This means **the compliance report must be received by the OCD by August 1, 2020**. I will review the report to determine whether the wells have been returned to compliance. If you have questions about how to file a compliance report, please contact me at (505) 476-3493.

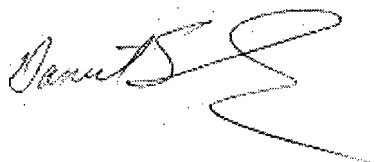
As Devon works to fulfill its obligations under the order, it should also monitor the status of its other wells to ensure that wells do not remain inactive for a period exceeding 15 months. Remember that you can search the OCD's Inactive Well List for wells that are inactive, but not yet out of compliance.

August 13, 2019

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The OCD appreciates Devon's commitment to bringing its inactive wells into compliance. If you have any questions, or if I can help you in any way, please do not hesitate to call. My email address is daniel.sanchez@state.nm.us.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", with a stylized flourish extending from the end.

Daniel Sanchez
NMOCD Compliance & Enforcement Manager

Encl. ACOI No. 379

CC: Leslie Rickman, OCD District I Supervisor
Michael Bratcher, OCD District II Supervisor
Brandon Powell, OCD District III Supervisor
Will Jones, OCD District IV Supervisor



Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, OK 73102-5010

405 552-7970 Phone
Erin.workman@dvn.com

August 5, 2019

AUG 09 2019 PM02:10

Mr. Daniel Sanchez
State of New Mexico
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Re: ACOI agreement

Dear Mr. Sanchez:

Per your request, enclosed are two signed copies of the final draft for the ACOI agreement. Should you have any questions or need any further information, please do not hesitate to contact me at (405) 552-7970.

Thank you for your efforts on this matter.

Sincerely,

A handwritten signature in black ink that reads "Erin Workman". The signature is written in a cursive, flowing style.

Erin Workman
Regulatory Compliance Professional

Enclosures

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

NMOCD – ACOI- 379

IN THE MATTER OF DEVON ENERGY PRODUCTION COMPANY, L.P.

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 **Devon Energy Production Company, L.P.** ("Operator") enter into this Inactive Well Agreed Compliance Order ("Order" or "ACOI"). Operator agrees to plug, place on approved temporary abandonment status, or restore to production or other beneficial use the wells identified herein in accordance with the following agreed schedule and procedures, or face the possibility of no further agreed compliance orders. See 19.15.25.8 NMAC

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 limited partnership doing business in the state of New Mexico.
3. Operator is the operator of record under OGRID 6137 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"

ACOI

- (a) have been or will be 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.
6. An operator faces sanctions if it is out of compliance with OCD Rule 19.15.5.9 NMAC. Sanctions include possible denial of registration by operator or certain related entities (OCD Rule 19.15.9.8B NMAC), possible denial of change of operator that would transfer wells to the noncompliant operator (OCD Rule 19.15.9.9C.1 NMAC), mandatory denial of injection permits (OCD Rule 19.15.26.8A NMAC), possible revocation of injection permits after notice and hearing (OCD Rule 19.15.26.8A NMAC), possible denial of applications for a drilling permit (OCD Rule 19.15.14.10A NMAC), and mandatory denial of allowable and authorization to transport (OCD Rule 19.15.16.19A NMAC).
7. Operator is currently out of compliance with OCD Rule 19.15.5.9.A(4) NMAC because it has too many wells out of compliance with OCD Rule 19.15.25.8 NMAC (the inactive well rule) that are not subject to an agreed compliance order setting a schedule for bringing the wells into compliance with the inactive well rule and imposing sanctions if the schedule is not met. See OCD Rule 19.15.5.9(A)(4) NMAC.
8. As the operator of record of more than 1000 wells, to be in compliance with OCD Rule 19.15.5.9.A(4) NMAC, Operator may have no more than 10 wells out of compliance with OCD Rule 19.15.25.8 NMAC (inactive well rule). See OCD Rule 19.15.5.9A(4)(d) NMAC. According to the inactive well list kept pursuant to OCD Rule 19.15.5.9(F) NMAC, Operator has 5 wells out of compliance as of July 29, 2019 but will have 36 out of compliance in the next six months and including wells currently under **ACOI-2016-011**. The Operator's inactive well list, including those wells discussed above, dated July 29, 2019 is attached as Exhibit "A." Operator faces sanctions for being out of compliance with OCD Rule 19.15.5.9 NMAC.
9. Operator intends to seek privileges from the OCD that would be subject to sanction due to Operator being out of compliance with OCD Rule 19.15.5.9 NMAC. By placing the wells identified in Exhibit "A" under this Order, Operator will not face sanctions for being out of compliance with OCD Rule 19.15.5.9 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 or soon will be 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.
4. The OCD and Operator enter into this Order to remove the wells identified in Exhibit "A" from the inactive well list kept pursuant to OCD Rule 19.15.5.9(F) NMAC and in consideration of Operator's compliance with the inactive well rule for purposes of Operator's compliance with OCD Rule 19.15.5.9 NMAC. Operator remains subject to sanctions for being out of compliance with OCD Rule 19.15.5.9 NMAC **IF** Operator becomes out of compliance with OCD Rule 19.15.5.9 NMAC for any reason other than the inactive wells identified in Exhibit "A."

ORDER

1. Operator agrees to bring the wells identified in Exhibit "A" into compliance with OCD Rule 19.15.25.8 NMAC by **August 1, 2020** via
 - (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 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. **Prior to completing the term of this agreement, the operator agrees to provide a comprehensive plan, acceptable to the division, as to how it will address the remaining inactive wells on Exhibit "A". Failure to provide such a plan may result in the division denying future amendments to this agreement.** Oil and gas produced during swabbing does not count as production for purposes of this Order.
3. Operator shall file a **monthly** compliance report, **due on the last day of each month**, 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

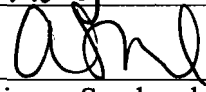
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of wells for which Operator is responsible under the terms of this Order. The final written compliance report must be mailed or e-mailed to the OCD's Office Of General Counsel at 1220 S. St Francis Drive, Santa Fe, NM 87505 so that it is **received by** the compliance deadline of **August 1, 2020**. The total length of this Agreed Compliance Order is one year.

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. **If any more wells become inactive during the duration of this ACOI or the operator is in any other way in violation of OCD Rule 19.15.5.9 NMAC, this ACOI may terminate, at the sole discretion of the Division.**
5. This Order shall expire on **September 1, 2020**. At that time, 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 and will be considered when determining Operator's compliance with OCD Rule 19.15.5.9 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 to compliance the wells identified in Exhibit "A" by **August 1, 2020**;
 - (c) agrees to submit a compliance report as required in Ordering Paragraph 3 by the **August 1, 2020** 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; 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 13 day of August, 2019

By: 
Adrienne Sandoval,
Director, Oil Conservation Division

ACCEPTANCE

Devon Energy Production Company, L.P. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

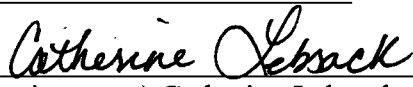
By: 
(Please print name) Catherine Lebsack EW
Title: Vice President Land
Date: August 5, 2019

Exhibit "A" to Agreed Compliance Order for Devon Energy Corporation

Total Well Count: 1792 Inactive Well Count: 36
Printed On: Monday, July 29 2019

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-025-34767	CACTUS STATE #002 <i>THISTLE UNIT #006</i>	K-02-24S-29E		6137	DEVON ENERGY PRODUCTION COMPANY, LP	S	O	DEC-18	CEDAR CANYON, BONE SPRING		
2	30-015-28497	CACTUS STATE #011	L-16-21S-26E	M	6137	DEVON ENERGY PRODUCTION COMPANY, LP	S	O	OCT-18	CATCLAW DRAW, DELAWARE, EAST		
1	30-025-33702	CHECKERS 24 FEDERAL #005	M-24-22S-32E	M	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	08/2018	BONE SPRING		
2	30-015-39730	COTTON DRAW UNIT #162H	M-11-25S-31E	M	6137	DEVON ENERGY PRODUCTION COMPANY, LP	F	O	03/2015	DELAWARE		
2	30-015-01677	DELHI A STATE #001	D-33-17S-28E	D	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	08/2018			
1	30-025-21893	FEDERAL M #001	L-27-18S-33E	L	6137	DEVON ENERGY PRODUCTION COMPANY, LP	F	O	04/2018	RETURN TO PROD. 8/10/2017		
3	30-015-32943	HB 2 STATE #005	K-02-24S-29E	K	6137	DEVON ENERGY PRODUCTION COMPANY, LP	S	O	12/2018	CEDAR CANYON, BONE SPRING		
2	30-015-29714	INDIAN DRAW 13 #001	K-13-22S-27E	K	6137	DEVON ENERGY PRODUCTION COMPANY, LP		G	05/2016	MORROW		
2	30-015-21136	INEXCO 17 FEDERAL #001	K-17-21S-26E	K	6137	DEVON ENERGY PRODUCTION COMPANY, LP	P	G	08/2018			
1	30-025-31517	KACHINA 5 FEDERAL #003	k-05-18S-33E	K	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	01/2019	CORBIN, BONE SPRING		
1	30-025-27861	LYNX FEDERAL #001	O-15-17S-32E	O	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	06/2018	GRAYBURG SAN ANDRES		
1	30-025-27857	LYNX FEDERAL #002	E-15-17S-32E	E	6137	DEVON ENERGY PRODUCTION COMPANY, LP		G	09/2017	QUEEN		
1	30-025-27929	LYNX FEDERAL #003	N-15-17S-32E	N	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	05/2016	GRAYBURG SAN ANDRES		
1	30-025-28372	LYNX FEDERAL #004	K-15-17S-32E	K	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	04/2016	GRAYBURG SAN ANDRES		
1	30-025-29272	LYNX FEDERAL #006	D-15-17S-32E	D	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	04/2016	GRAYBURG SAN ANDRES		
1	30-025-36778	MAD DOG 15 FEDERAL COM #001	P-15-23S-34E	P	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	10/2017	DEVONIAN 320 AC E/2	T	11/2/2018
2	30-015-29306	ORE IDA 14 FEDERAL #007	J-14-24S-29E	J	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	09/2018	BONE SPRING		
2	30-015-26384	OXY STATE #001	K-09-21S-26E	K	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	06/2018			
2	30-015-27153	PURE GOLD C-17 FEDERAL #004	H-17-23S-31E	H	6137	DEVON ENERGY PRODUCTION COMPANY, LP	F	O	01/2016			

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2	30-015-27392	PURE GOLD C-17 FEDERAL #005	A-17-23S-31E	A	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	10/2018	LOS MEDANOS; DELAWARE
1	30-025-37629	RATTLESNAKE FEDERAL UNIT #006	P-13-26S-34E	P	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	04/2018	WILDCT; DELAWARE
1	30-025-32676	SDE 31 FEDERAL #001	I-31-23S-32E	D	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	06/2018	DELAWARE
1	30-025-34767	THISTLE UNIT #006	O-34-23S-33E	O	6137	DEVON ENERGY PRODUCTION COMPANY, LP	S	G	11/2015	WC/HORIZONTAL PLUGBACK APD EXP 11/17/201
2	30-015-27860	TODD 13 N FEDERAL #014	N-13-23S-31E	N	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	03/2016	DELAWARE
2	30-015-27383	TODD 25 E FEDERAL #005	E-25-23S-31E	E	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	08/2018	DELAWARE
2	30-015-28860	TODD 25 O FEDERAL #015	O-25-23S-31E	O	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	08/2018	DELAWARE
2	30-015-27365	TODD 36 D STATE #002	D-36-23S-31E	D	6137	DEVON ENERGY PRODUCTION COMPANY, LP	F	O	07/2015	DELAWARE
2	30-015-28520	TODD 36 F STATE #006	F-36-23S-31E	F	6137	DEVON ENERGY PRODUCTION COMPANY, LP	F	O	10/2015	DELAWARE
2	30-015-28521	TODD 36 K STATE #005	K-36-23S-31E	K	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	07/2018	DELAWARE
2	30-015-28762	TODD 36 N STATE #014	N-36-23S-31E	N	6137	DEVON ENERGY PRODUCTION COMPANY, LP	F	O	09/2018	DELAWARE/BONE SPRING
1	30-025-32041	TRESNOR FEDERAL #002	2-30-23S-32E	E	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	06/2018	BONE SPRING
1	30-025-32688	TRESNOR MITCHELL 30 FEDERAL #001	N-30-23S-32E	N	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	06/2018	DELAWARE
1	30-025-32754	TRESNOR MITCHELL 30 FEDERAL #002	F-30-23S-32E	F	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	07/2018	BONE SPRING & DELAWARE
2	30-015-36433	TURKEY 4 STATE #002	L-04-19S-29E	L	6137	DEVON ENERGY PRODUCTION COMPANY, LP	S	G	07/2018	MORROW
1	30-025-33468	WEST CORBIN 19 FEDERAL #001	I-19-18S-33E	I	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	12/2018	CORGIN; BONE SPRING, SOUTH
2	30-015-26462	WISER STATE #001	F-09-21S-26E	F	6137	DEVON ENERGY PRODUCTION COMPANY, LP		O	06/2018	DELAWARE

WHERE Operator:6137, County:All, District:All, Township:All, Range:All, Section:All, Production(months):9, Includes Wells Ur
ACOI, Excludes Wells in Approved TA Period

By: _____
Title: _____

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