

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

NMOCD –ACOI 87-A

IN THE MATTER OF BETWELL OIL AND GAS COMPANY,

Respondent.

AMENDED 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"), the Director of the Oil Conservation Division ("OCD") and Betwell Oil and Gas Company ("Operator") enter into this amendment to Agreed Compliance Order 87 under which Operator agrees to an assessment of penalties for violating the terms of Agreed Compliance Order 87.

FINDINGS

1. Operator and the OCD entered into Agreed Compliance Order 87 ("ACOI 87" or "Order") on April 8, 2005.
2. ACOI 87 required Operator to bring the 31 wells identified in Exhibit A to the Order into compliance with OCD Rule 201 [19.15.4.201 NMAC] under an agreed schedule, which would result in all 31 wells returned to compliance by June 30, 2006.
3. ACOI 87 provided for penalties if Operator failed to return the 31 wells to compliance under the agreed schedule.
4. ACOI 87 provided that if the Operator encountered unanticipated circumstances that prevented it from meeting its compliance schedule, Operator could request an amendment to the schedule, and set out a procedure for requesting an amendment.
5. Operator did not request an amendment to ACOI 87.
6. When ACOI 87 expired on July 1, 2006, at least 15 of the wells identified in Exhibit A to the Order remained out of compliance with Rule 201.
6. Under the terms of ACOI 87, Operator is subject to penalties.
7. On July 18, 2006, the OCD issued a Notice of Violation to Operator alleging that Operator had failed to comply with ACOI 87, and that penalties were due.

8. At a compliance teleconference regarding the Notice of Violation, Operator
 - a) described its efforts to comply with ACOI 87;
 - b) described unanticipated difficulties it encountered in its attempt to comply with ACOI 87, including difficulties in obtaining equipment;
 - c) discussed a plan for returning the remaining wells on Exhibit A to compliance and agreed to negotiate a new compliance order for those wells and other wells that are out of compliance with Rule 201.

CONCLUSIONS


1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Operator has failed to comply with the schedule set out in ACOI 87, and is subject to penalties under the terms of that Order.
3. Operator has made some showing of good faith in its attempts to comply with ACOI 87, and that unanticipated circumstances contributed to its failure to meet its compliance goals.
4. Operator is acting in good faith to negotiate a new compliance order for its wells out of compliance with Rule 201.

ORDER

1. Taking into account Operator's return of 16 wells to compliance, the unanticipated circumstances that contributed to Operator's failure to meet its compliance goals, and Operator's good faith in negotiating a new compliance order for its non-complaint wells, Operator is hereby assessed a penalty of \$1,500 (one thousand five hundred dollars) for failing to meet the compliance schedule set out in ACOI 87.
2. The \$1,500 civil penalty shall be paid at the time Operator executes this amendment to ACOI-87. Payment shall be made by check payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505.
3. By signing this amendment to ACOI 87, Operator expressly:
 - (a) acknowledges the correctness of the Findings and Conclusions set forth in this amendment;
 - (b) agrees to the \$1,500 penalty assessed in Ordering Paragraph 1;

- (c) waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this amendment or to an appeal from this amendment; and
- (f) agrees that this amendment may be enforced by Division or Oil Conservation Commission order, by suit or otherwise to the same extent and with the same effect as a final order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.

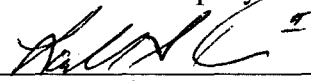
Done at Santa Fe, New Mexico this 12th day of Sept., 2006

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

ACCEPTANCE

Betwell Oil and Gas Company hereby accepts the foregoing amendment to ACOI 87, and agrees to all of the terms and provisions set forth in that amendment to ACOI 87.

Betwell Oil and Gas Company

By: 
(please print name): LOWELL S. DUNN
Title: PRESIDENT
Date: 9-8-06