

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

NMOCD - ACOI 136-C

IN THE MATTER OF CBS OPERATING CORP.,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraphs 7 and 12 of Agreed Compliance Order 136 as amended by Orders 136-A and 136-B ("Order"), the Director of the Oil Conservation Division ("OCD") hereby amends that Order as follows:

FINDINGS

1. The Order requires CBS Operating Corp. (Operator) to return to compliance with OCD rules a certain number of wells identified in the Order in each six-month period covered by the order, and to file a timely compliance report at the end of each six-month period. If Operator files a timely compliance report and meets its compliance goal for the period, the OCD will issue an amendment extending the terms of the Order for a new six-month period. If the Operator fails to meet its compliance goal, Operator is subject to a penalty of \$1,000 for each well it failed to return to compliance under the agreed schedule, and the OCD has discretion whether to amend the Order for an additional period. Operator may seek a reduction or waiver of applicable penalties.

2. The Order required Operator to return eight wells identified in Findings Paragraph 4 to compliance with OCD Rule 701 in the first six-month period, which ended December 1, 2006.

3. Operator filed a timely compliance report for the first period, and the OCD verified that OCD records indicate that Operator returned the following six wells identified in Findings Paragraph 4 to compliance:

30-015-03293	H G Watson #007
30-015-04049	Burnham Grayburg San Andres Unit #001C
30-015-04066	Federal KK #003
30-015-20315	Federal KK #001
30-015-20536	Loco Hills A Federal #002
30-015-20537	Loco Hills B Federal #001

4. Operator filed paperwork after the December 1, 2006 deadline indicating that it had plugged the wellbores of the following wells:

30-015-05034
30-015-04406

Featherstone #005
Federal L #002

5. The OCD waived the \$2,000 penalty that would otherwise apply under the Order, and issued an amendment extending the Order for a second six-month period, requiring Operator to return all the wells identified in Findings Paragraph 4 to compliance by June 1, 2007, and file a compliance report by that date.

6. Operator filed a timely compliance report for the second six-month period. Operator reported that it had repaired two of the wells and expected to return them to injection in May 2007, and that it would commence plugging operations on the other six wells in May 2007. Paperwork showing injection and plugging, however, would not be filed until after the June 1, 2007 deadline.

CONCLUSIONS

1. Operator failed to meet its goal of returning the remaining wells identified in Findings Paragraph 4 to compliance by June 1, 2007.

2. Operator has demonstrated a good faith attempt to meet its compliance goal in this period.

3. The OCD should waive the \$8,000 penalty otherwise due under the Order and extend the terms of the Order for a third six-month period, requiring Operator to return the remaining wells identified in Findings Paragraph 4 to compliance by December 1, 2007 and return 6 of the wells identified in Findings Paragraph 9 to compliance with OCD Rule 201 by December 1, 2007.


ORDER

1. The OCD waives the \$8,000 penalty due under the Order for Operator's failure to meet its goal of returning the eight remaining wells identified in Findings Paragraph 4 to compliance by June 1, 2007.

2. By December 1, 2007, Operator shall return the remaining wells identified in Findings Paragraph 4 to compliance with OCD Rule 703, return six of the wells identified in Findings Paragraph 9 to compliance with OCD Rule 201, and file a compliance report.

3. The terms of the Order otherwise remain in effect.

Done at Santa Fe, New Mexico this 15th day of May, 2007

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