

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

ACO No. 198-A

IN THE MATTER OF SOUTHWEST ROYALTIES, INC.,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 6 of Agreed Compliance Order 198, as amended ("Order"), the Director of the Oil Conservation Division ("OCD") hereby amends that Order as follows:

FINDINGS

1. The Order requires Southwest Royalties, Inc. ("Operator") to close the pit at the North Hackberry Yates Unit No. 108 well (API No. 30-015-04622) within 60 days of September 21, 2007, which is November 20, 2007.

2. Ordering Paragraph No. 6 states:

For good cause shown, Operator may request an extension to complete the requirements as set out in Ordering Paragraph 4. Such notification ("notice") shall reasonably describe the circumstances encountered by Operator that prohibits it from meeting the deadlines set out herein.

Within ten (10) days of receipt of this notice, the OCD shall either approve the extended time requested by Operator by executing a written amendment to this Order, or notify Operator that it will not extend the deadline. The OCD's approval of a time extension shall not be unreasonably withheld.

3. On November 19, 2007, Highlander Environmental Corporation ("Highlander") called OCD and asked for a 30-day extension of time in which to close the pit. Highlander is assisting Operator in closing the pit. Highlander needs the additional time to close the pit as Highlander currently awaits the results of soil sampling. A soil sample was taken after Highlander discovered that the pit liner was torn and may have leaked.

Southwest Royalties, Inc.

ACO 198-A

Page 1 of 2

CONCLUSIONS

1. Operator has demonstrated good cause for extension of the Order.
2. The OCD should amend ACOI 198 to require Operator to close the pit by December 20, 2007, which is 30 days from November 20, 2007.

ORDER

1. Operator shall close the pit by December 20, 2007.
2. The terms of the Order otherwise remain in effect.

Done at Santa Fe, New Mexico this 10th day of December, 2007

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

By: 
Matt Swierc

Date: 12/03/07