

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

NMOCD - ACOI 193-A

IN THE MATTER OF MELROSE OPERATING COMPANY,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 3 of Agreed Compliance Order 193, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 193 ("ACOI 193" or "Order") requires Melrose Operating Company ("Operator") to return to compliance with OCD Rule 201 at least six of the wells identified in the Order by November 10, 2008, and file a compliance report by that date.

2. ACOI 193 further provides that, if Operator returns to compliance with OCD Rule 201 at least six of the wells identified in the Order by November 10, 2008, and files a timely compliance report, the OCD shall issue an amendment extending the terms of ACOI 193 for an additional six-month period, requiring Operator to return to compliance by that date six additional wells identified in the Order.

3. ACOI 193 further provides that if Operator fails to return to compliance six of the wells identified in the Order by November 10, 2008, Operator is subject to penalties. Operator may, however, request a waiver or reduction of penalties, and request an amendment extending the terms of the Order.

4. Operator filed a timely compliance report indicating that it had returned to compliance the following wells identified in the Order:

- | | | |
|---|---------------------------|--------------|
| • | CLOSSON B FEDERAL No. 034 | 30-025-29746 |
| • | GUAJALOTE STATE No. 002 | 30-015-24930 |
| • | STATE 14 A No. 003 | 30-015-01857 |
| • | STATE E 1288 No. 081 | 30-015-02049 |

CONCLUSIONS

1. Operator failed to meet its goal of returning six of the wells identified in the Order to compliance by November 10, 2008, falling short by two wells.

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2. Operator has demonstrated good faith efforts to meet its six-well goal. Therefore, the OCD exercised its discretion and amended ACOI 193 to extend its terms through May 10, 2009, requiring Operator to return to compliance by that date six additional wells identified in the Order.

ORDER

1. Operator shall return to compliance by May 10, 2009 six wells identified in the Order that are not identified in Findings Paragraphs 4, above.

2. Operator shall file a written compliance report by May 10, 2009 identifying the wells returned to compliance in the second period, 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). The written compliance report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager (email: daniel.sanchez@state.nm.us) and Assistant General Counsel Sonny Swazo (email: sonny.swazo@state.nm.us) so that it is received by the compliance deadline of May 10, 2009.

3. The terms of ACOI 193 otherwise remain in effect.

Done at Santa Fe, New Mexico this 12th day of November 2008

By: _____

Mark Fesmire, P.E.

Director, Oil Conservation Division