

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

NMOCD ACOI 180-C

IN THE MATTER OF JOHN R. STEARNS D/B/A STEARNS,

Respondent.

**THIRD AMENDED
INACTIVE WELL AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 15 of Inactive Well Agreed Compliance Order 180 ("ACOI 180" or "Order"), the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. ACOI 180 required John R. Stearns d/b/a Stearns ("Operator") to return to compliance with OCD Rule 201 at least six of the wells identified in the Order by May 23, 2008 and file a compliance report by that date.

2. ACOI 180 provides if Operator meets its compliance goal for a six-month period, the OCD shall issue an amendment to the Order extending its terms for an additional six-month period, provided the total length of the Order does not extend beyond two years.

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 the Order to compliance:

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|-------------------------------|--------------|
| • Hahn Federal No. 002 | 30-005-20480 |
| • New Mexico BA State No. 002 | 30-005-21004 |
| • New Mexico BA State No. 004 | 30-005-21023 |
| • Southard 26 No. 004 | 30-005-20675 |
| • Southard A No. 004 | 30-005-20841 |
| • Tom 36 State No. 002 | 30-005-20687 |

4. Because Operator met its compliance goal of six wells for the first six-month period, the OCD amended the Order to extend its terms by six months, requiring Operator to return six additional wells identified in the Order to compliance with OCD Rule 201 by November 24, 2008, and file a compliance report by that date.

5. Operator filed a timely compliance report for the second period, and the OCD verified that OCD records indicate that Operator returned the following three wells identified in the Order to compliance:

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|-------------------------|--------------|
| • Amoco Federal No. 007 | 30-005-20712 |
| • State 32 No. 001 | 30-005-20651 |
| • State 16 No. 001Y | 30-025-34070 |

6. ACOI 180 provides if Operator fails to meet its compliance goal for a six-month period, Operator is subject to a penalty of \$1,000 for each well it fell short of its goal by and the OCD may exercise discretion determining whether to issue an amendment extending the Order for an additional six-month period.

7. Operator paid a \$3,000 penalty for its failure to meet its compliance goal for the second period. OCD exercised its discretion and amended ACOI 180, extending its terms for an additional six-month period and requiring Operator to bring six additional wells identified in the ACOI into compliance by May 24, 2009.

8. Operator filed a timely compliance report for the third period, and the OCD has verified that OCD records indicate that Operator has returned the following six wells identified in the Order to compliance:

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|----------------------------|--------------|
| • Hahn Federal No. 003 | 30-005-20514 |
| • Miller Federal No. 007 | 30-005-21012 |
| • Miller Federal No. 008 | 30-005-21030 |
| • Miller Federal No. 009 | 30-005-21047 |
| • Mountain Federal No. 005 | 30-041-20494 |
| • Strange Federal No. 002 | 30-005-20718 |

CONCLUSIONS

1. Operator has met its goal of returning six of the wells identified in the Order to compliance by May 24, 2009.

2. The OCD should amend ACOI 180 to extend its terms through November 24, 2009, requiring Operator to return to compliance by that date the remaining five wells identified in the Order, and file a compliance report by that date.

ORDER

1. Operator shall return to compliance by November 24, 2009 the remaining five wells identified in the Order that are not identified in Findings Paragraphs 3, 5 and 8, above.

2. Operator shall file a written compliance report by November 24, 2009 identifying the wells returned to compliance in the fourth period, identifying each well

John R. Stearns d/b/a Stearns OGRID 21566

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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 November 24, 2009.

3. The terms of ACOI 180 otherwise remain in effect.

Done at Santa Fe, New Mexico this 1st day of May, 2009

By: _____

Mark Fesmire, P.E.

Director, Oil Conservation Division