

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

NMOCD - ACOI 207-C

IN THE MATTER OF JAY MANAGEMENT COMPANY, LLC,

Respondent.

**THIRD AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 5 of Agreed Compliance Order 207, the Acting Director of the Oil Conservation Division (“OCD”) hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 207 (“ACOI 207” or “Order”) required Jay Management Company, LLC (“Operator”) to return to compliance with OCD Rule 19.15.25.8 at least three of the wells identified in the Order by December 1, 2009, and file a compliance report by that date. The Order defines compliance to include the filing of the appropriate paperwork documenting the completed corrective action.

2. ACOI 207 provided that if Operator returned to compliance with OCD Rule 19.15.25.8 at least three of the wells identified in the Order by December 1, 2009, filed a timely compliance report, and was in compliance with the financial assurance requirements of the Order, the OCD would issue an amendment extending the terms of ACOI 207 for an additional six-month period, requiring Operator to return to compliance by that date three additional wells identified in the Order.

3. ACOI 207 provides that if Operator fails to bring the number of wells into compliance required in a six-month period covered by the Order or amendments issued to the Order, Operator is subject to a penalty of \$1000 times the number of wells it failed to bring into compliance under its schedule for the applicable six-month period, and the OCD may, in its discretion, issue an amendment to the Order extending its terms for an additional six-month period. Operator may request a waiver or reduction of the penalty.

4. Operator filed an untimely compliance report for the first period on December 29, 2009. The OCD’s Hobbs Office verified that Operator completed the plugging work of the following two wells identified in its compliance report in December 2009:

- | | |
|------------------|--------------|
| • Collier #001 | 30-025-00994 |
| • Queen COM #001 | 30-025-22642 |

5. The OCD waived \$2000 of the \$3000 penalty that Operator was subject to under ACOI 207 for failing to bring three wells identified in ACOI 207 to compliance by December 1, 2009. Operator paid the \$1000 penalty.

6. The OCD decided to exercise its discretion and amend ACOI 207 to extend its terms through June 1, 2010, requiring Operator to return to compliance by that date at least three additional wells identified in the Order and file a compliance report by that date.

7. Operator filed a timely compliance report for the second period. The OCD verified that OCD records indicate that Operator returned the following two wells identified in the Order to compliance after June 1, 2010.

- Leigh COM #001 30-025-22541
- State NBF #001 30-025-20891

8. The OCD waived \$1000 of the \$3000 penalty that Operator was subject to under ACOI 207 for failing to bring three additional wells identified in ACOI 207 to compliance by June 1, 2010. Operator paid the \$2000 penalty.

9. The OCD decided to exercise its discretion and amend ACOI 207 to extend its terms through December 1, 2010, requiring Operator to return to compliance by that date at least three additional wells identified in the Order and file a compliance report by that date.

10. Operator filed a timely compliance report, and the OCD has verified that OCD records indicate that Operator has returned the following three additional wells identified in the Order to compliance:

- Andover Federal #001 30-025-21904
- Kelsay #001 30-025-01005
- Rose #001 30-025-22653

CONCLUSIONS

1. Operator has met its goal of returning an additional three wells identified in Exhibit "A" of the Order to compliance by December 1, 2010.

2. The OCD should amend ACOI 207 to extend its terms through June 1, 2011 and require Operator to return to compliance by that date three additional wells identified in Exhibit "A" of the Order that are not identified in Findings Paragraphs 4, 7, and 10, above.

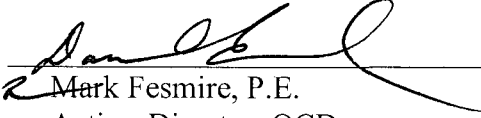
ORDER

1. Operator shall return to compliance by June 1, 2011 at least three additional wells identified in Exhibit "A" of the Order that are not identified in Findings Paragraphs 4, 7, and 10, above.

2. Operator shall file a written compliance report by June 1, 2011 identifying the wells returned to compliance in the fourth and final 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 June 1, 2011.

3. The terms of ACOI 207 otherwise remain in effect.

Done at Santa Fe, New Mexico this 1st day of December, 2010.

By: 
Mark Fesmire, P.E.
Acting-Director, OCD