

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

NMOCD ACOI 216-B

IN THE MATTER OF CELERO ENERGY II, LP,

Respondent.

**SECOND AMENDED
INACTIVE WELL AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 7 of Inactive Well Agreed Compliance Order 216, the Acting Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Inactive Well Agreed Compliance Order 216 ("ACOI 216" or "Order") required Celero Energy II, LP ("Operator") to return to compliance with OCD Rule 19.15.25.8 NMAC ("Part 25.8") by September 1, 2010 at least 8 of the wells identified in Exhibit "A" of ACOI 216, and file a compliance report by that date.
2. ACOI 216 required that 4 of the 8 wells be wells that are identified in Exhibit "A" of ACOI 216 as having a date of last production of 1990 or older.
3. Operator filed a timely compliance report for the first six-month period, and the OCD verified that the following 8 wells identified in Exhibit "A" of the Order were returned to compliance:

<u>API</u>	<u>WELL</u>	<u>LAST PRODUCTION</u>
30-025-31882	CONE #004	01/1996
30-025-00291	ROCK QUEEN UNIT #004	02/1999
30-025-00292	ROCK QUEEN UNIT #005	08/1996
30-005-00839	ROCK QUEEN UNIT #009	12/1992
30-005-00830	ROCK QUEEN UNIT #020	11/1986
30-005-00834	ROCK QUEEN UNIT #022	11/1984
30-005-00816	ROCK QUEEN UNIT #025	08/1986
30-005-00812	ROCK QUEEN UNIT #027	09/1986

4. Because Operator met its compliance goal for the first six-month period, the OCD amended the Order to extend its terms by six months, requiring Operator to return at least 8

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additional wells identified in Exhibit "A" of ACOI 216 to compliance with Part 25.8 by March 1, 2011, with at least 4 of the 8 wells being wells identified in Exhibit "A" of ACOI 216 as having a date of last production of 1990 or older.

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

<u>API</u>	<u>WELL</u>	<u>LAST PRODUCTION</u>
30-005-01076	DRICKEY QUEEN SAND UNIT #42	06/1998
30-005-00841	ROCK QUEEN UNIT #010	03/1999
30-005-00835	ROCK QUEEN UNIT #015	10/1986
30-005-00831	ROCK QUEEN UNIT #017	10/1986
30-005-00821	ROCK QUEEN UNIT #018	06/1984
30-005-00825	ROCK QUEEN UNIT #021	08/2002
30-005-00883	ROCK QUEEN UNIT #029	08/1986
30-005-01092	WEST CAP QUEEN SAND UNIT #4	03/2005

CONCLUSIONS

1. Operator has met its goal of returning at least 8 additional wells identified in Exhibit "A" of ACOI 216 to compliance with Part 25.8 by March 1, 2011, with at least 4 of the 8 wells being wells identified in Exhibit "A" of ACOI 216 as having a date of last production of 1990 or older.

2. The OCD should amend ACOI 216 to extend its terms through September 1, 2011 and require Operator to return to compliance by that date at least 8 additional wells identified in Exhibit "A" of ACOI 216, with at least 4 of the 8 wells being wells identified in Exhibit "A" as having a date of last production of 1990 or older. None of the wells shall be wells identified in Findings Paragraphs 3 and 5, above.

ORDER

1. Operator shall return at least 8 additional wells identified in Exhibit "A" of ACOI 216 to compliance with Part 25.8 by September 1, 2011, with at least 4 of the 8 wells being wells identified in Exhibit "A" of ACOI 216 as having a date of last production of 1990 or older. None of the wells shall be wells identified in Findings Paragraphs 3 and 5, above.

2. Operator shall file a written compliance report by September 1, 2011 identifying the wells returned to compliance in the third 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 September 1, 2011.

3. The terms of ACOI 216 otherwise remain in effect.

Done at Santa Fe, New Mexico this 4th day of March, 2011

By: _____

Daniel Sanchez

Acting Division Director