

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

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST BETWELL OIL & GAS COMPANY 1) FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED 19.15.4.201 NMAC AS TO NINETEEN WELLS AND ASSESSING PENALTIES FOR THOSE VIOLATIONS; 2) REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN; AND 3) AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE, LEA COUNTY, NEW MEXICO.

CASE NO. 14067

APPLICATION FOR COMPLIANCE ORDER

1. Betwell Oil & Gas Company ("Operator") is a corporation operating wells in New Mexico under OGRID 2193.
2. Operator has posted a \$50,000 surety bond through Seaboard Surety Company 385 Washington Street, St. Paul, Minnesota 55102, Bond No. 21368891, pursuant to NMSA 1978, Section 70-2-14 to secure its obligation to plug and abandon wells on privately owned or state-owned lands in New Mexico in compliance with the rules of the Oil Conservation Division ("Division").
3. Division rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.

4. The following wells ("subject wells") operated by Operator in New Mexico have been inactive for a continuous period exceeding one year plus 90 days, and are neither plugged and abandoned in accord with 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with 19.15.4.203 NMAC:

- 30-025-12541 LANGLIE MATTIX WOOLWORTH UNIT #002
- 30-025-25373 LANGLIE MATTIX WOOLWORTH UNIT #009
- 30-025-23099 LANGLIE MATTIX WOOLWORTH UNIT #105
- 30-025-28592 LANGLIE MATTIX WOOLWORTH UNIT #114
- 30-025-11333 LANGLIE MATTIX WOOLWORTH UNIT #115
- 30-025-11350 LANGLIE MATTIX WOOLWORTH UNIT #127
- 30-025-11342 LANGLIE MATTIX WOOLWORTH UNIT #141
- 30-025-11352 LANGLIE MATTIX WOOLWORTH UNIT #152
- 30-025-11348 LANGLIE MATTIX WOOLWORTH UNIT #163
- 30-025-11281 LANGLIE MATTIX WOOLWORTH UNIT #164
- 30-025-11270 LANGLIE MATTIX WOOLWORTH UNIT #201
- 30-025-11261 LANGLIE MATTIX WOOLWORTH UNIT #304
- 30-025-11264 LANGLIE MATTIX WOOLWORTH UNIT #307
- 30-025-11245 LANGLIE MATTIX WOOLWORTH UNIT #501
- 30-025-11247 LANGLIE MATTIX WOOLWORTH UNIT #601
- 30-025-11251 LANGLIE MATTIX WOOLWORTH UNIT #701
- 30-025-23310 LANGLIE MATTIX WOOLWORTH UNIT #710
- 30-025-11325 LANGLIE MATTIX WOOLWORTH UNIT #801
- 30-025-23607 LANGLIE MATTIX WOOLWORTH UNIT #805

5. Operator originally entered into inactive well agreed compliance order 87 (ACOI 87) on April 8, 2005, under which Operator agreed to return

thirty-one (31) specified inactive wells to compliance with 19.15.4.201 NMAC and file a corresponding compliance report by June 30, 2006. **Exhibit A.**¹

6. ACOI 87 expired on July 1, 2006, when Operator failed to continue to meet its compliance schedule.

7. On July 18, 2006 the OCD issued a Notice of Violation (NOV) based upon Operator's failure to comply with ACOI 87, and a telephonic administrative conference was conducted to discuss the NOV and ACOI 87.

Exhibit B.

8. As a result of the administrative conference held regarding the July 18th NOV addressing ACOI 87, Operator entered into ACOI 87-A, by which Operator acknowledged the failure to meet the compliance schedule established by ACOI 87 and agreed to remit payment of a penalty. **Exhibit C.**

9. Operator then entered into another Inactive Well Agreed Compliance Order (ACO I 144) with the OCD to address those wells that remained in noncompliance with 19.15.4.201 NMAC. **Exhibit D.** ACOI 144 was executed September 12, 2006 and required the Operator to bring a total of twenty-two (22) wells into compliance with 19.15.4.201 NMAC under an agreed schedule consisting of four "periods" of six-months each, and further required

¹ Note: For some reason, the designation on the ACOI reflects "04-11" rather than "87"; however, the records and the contents reflect, that this document is, indeed, ACOI 87.

Operator to file corresponding compliance reports for each of the periods. The ACOI established the first period deadline as February 28, 2007.

9. Operator met its obligations during the first period of the ACOI, and an amendment was therefore issued (ACOI 144-A) with a second period deadline set for August 28, 2007. **Exhibit E.**

10. Operator failed to meet its obligations in the second period of ACOI 144-A, and did not meet the August 28, 2007 deadline. ACOI 144 therefore expired. The OCD advised Operator of this by letter on October 18, 2007, noting that Operator had failed to meet its obligations pursuant to ACOI 144-A, that Operator was in violation of Rule 40.A(4), and that, pursuant to the terms of the ACOI, a penalty was due and payable immediately. **Exhibit F.**

11. Since the time that ACOI 144 was negotiated, five (5) wells not included in the list of wells covered by that Order have fallen into non-compliance with 19.15.4.201 NMAC (such that Operator has failed to either plug and abandon or seek and obtain approved temporary abandonment status within ninety days after such wells have had a period of one year of continuous inactivity). Those wells, which are included in the present Application, are as follows:

- 30-025-23099 LANGLIE MATTIX WOOLWORTH UNIT #105
- 30-025-11270 LANGLIE MATTIX WOOLWORTH UNIT #201
- 30-025-11264 LANGLIE MATTIX WOOLWORTH UNIT #307
- 30-025-11247 LANGLIE MATTIX WOOLWORTH UNIT #601

- 30-025-23310 LANGLIE MATTIX WOOLWORTH UNIT #710

The remainder of the wells identified in the present Application (Paragraph No. 4, above) as wells currently being in non-compliance with 19.15.4.201 NMAC were all wells previously included in the listing of wells addressed by ACOI 144.

12. Division rule 19.15.101(H) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain, and to direct the Division to forfeit the financial assurance upon failure or refusal of the operator, surety or other responsible party to properly plug and abandon the well and restore and remediate the location.

13. NMSA 1978, Section 70-2-12(B)(18) and NMSA 1978, Section 70-2-38 authorize the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.

14. NMSA 1978, Section 70-2-31(A) provides that any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars for each violation, and that in the case of a continuing violation, each day of violation shall constitute a separate violation.

15. NMSA 1978, Section 70-2-33(A) defines "person" to include corporations.

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an order:

- A. Determining that the subject wells are not in compliance with 19.15.4.201 NMAC;
- B. Requiring the Operator to bring each of the subject wells into compliance with 19.15.4.201 NMAC by a date certain by plugging and abandoning the wells in accordance with 19.15.4.202 NMAC, securing approved temporary abandonment status for the subject wells in accordance with 19.15.4.203 NMAC, or returning the subject well to a Division-approved beneficial use; and
- C. Further, if the subject wells are not brought into compliance with 19.15.4.201 NMAC by the date set in the order:
 - (1) Assessing a penalty of \$1,000 per day for each of the subject wells out of compliance with the order, pursuant to NMSA 1978, Section 70-2-31(A);
 - (2) Authorizing the Division to plug the subject wells in accordance with a Division-approved plugging program; and
 - (3) If any of the non-compliant subject wells is located on privately owned or state owned lands, authorizing the Division to declare forfeit the security furnished by the Operator; and

D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 11th day of December 2007
by



Mikal Altomare
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the
State of New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3480

Attorney for The New Mexico Oil
Conservation Division

Case No. 14067. Application of the New Mexico Oil Conservation Division for a Compliance Order. The Applicant seeks an order 1) finding that Betwell Oil & Gas Company, OGRID 2193, violated 19.15.4.201, NMAC as to nineteen (19) wells; 2) requiring the operator to return said wells to compliance with 19.15.4.201 NMAC by a date certain; and 3) in the event of non-compliance, imposing penalties upon operator and authorizing the Division to plug said wells and forfeit the operator's financial assurance. The affected wells are: 30-025-12541 LANGLIE MATTIX WOOLWORTH UNIT #002, 30-025-25373 LANGLIE MATTIX WOOLWORTH UNIT #009, 30-025-23099 LANGLIE MATTIX WOOLWORTH UNIT #105, 30-025-28592 LANGLIE MATTIX WOOLWORTH UNIT #114, 30-025-11333 LANGLIE MATTIX WOOLWORTH UNIT #115, 30-025-11350 LANGLIE MATTIX WOOLWORTH UNIT #127, 30-025-11342 LANGLIE MATTIX WOOLWORTH UNIT #141, 30-025-11352 LANGLIE MATTIX WOOLWORTH UNIT #152, 30-025-11348 LANGLIE MATTIX WOOLWORTH UNIT #163, 30-025-11281 LANGLIE MATTIX WOOLWORTH UNIT #164, 30-025-11270 LANGLIE MATTIX WOOLWORTH UNIT #201, 30-025-11261 LANGLIE MATTIX WOOLWORTH UNIT #304, 30-025-11264 LANGLIE MATTIX WOOLWORTH UNIT #307, 30-025-11245 LANGLIE MATTIX WOOLWORTH UNIT #501, 30-025-11247 LANGLIE MATTIX WOOLWORTH UNIT #601, 30-025-11251 LANGLIE MATTIX WOOLWORTH UNIT #701, 30-025-23310 LANGLIE MATTIX WOOLWORTH UNIT #710, 30-025-11325 LANGLIE MATTIX WOOLWORTH UNIT #801, and 30-025-23607 LANGLIE MATTIX WOOLWORTH UNIT #805. The wells are located approximately 10 miles northeast of Jal, in Lea County, New Mexico.

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

NMOCD - ACO 04-11

IN THE MATTER OF *Betwell Oil and Gas Company*

Respondent.

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), the Director of the Oil Conservation Division ("OCD") and *Betwell Oil and Gas Company* enter into this Order under which Operator agrees that the wells identified herein shall be brought into compliance with the Act and OCD Rule 201 [19.15.4.201 NMAC] in accordance with the following agreed schedule and procedures, and agrees to pay penalties as set out below if it fails to meet the schedule set out in this Order:

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act, and rules and orders adopted pursuant to the Act.
2. Operator is a corporation doing business in the state of New Mexico.
3. *Betwell Oil and Gas Company* is the operator of record for the wells identified in Exhibit "A," attached, under OGRID 2193
4. The wells identified in Exhibit "A":
 - (a) have been continuously inactive for a period of one year plus ninety days;
 - (b) are not properly plugged and abandoned under OCD Rule 202 [19.15.4.202 NMAC]; and
 - (c) have not been placed on temporary abandonment status under OCD Rule 203 [19.15.4.203 NMAC].
5. OCD Rule 201 [19.15.4.201 NMAC] states, in relevant part:

"A. The operator of any well drilled for oil, gas or injection; for seismic, core or other exploration, or for a service well, whether cased or uncased, shall be responsible for the plugging thereof.

Handwritten signature and date:
3/23/05

B. A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules within ninety (90) days after:

....
....

(3) a period of one (1) year in which a well has been continuously inactive.”

6. NMSA 1978, Section 70-2-31(A) authorizes the assessment of civil penalties of up to one thousand dollars per day per violation against any person who knowingly or willfully violates any provision of the Oil and Gas Act or any rule or order adopted pursuant to the Act.

7. OCD Rule 7.P (2) [19.15.1.7.P (2) NMAC] defines “person” as

“an individual or any other entity including partnerships, corporation, associations, responsible business or association agents or officers, the state or a political subdivision of the state or any agency, department or instrumentality of the United States and any of its officers, agents or employees.”

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. As operator of the wells identified in Exhibit “A,” Operator is responsible for bringing those wells into compliance with Rule 201.
3. Operator is a “person” as defined by OCD Rule 7.P(2) subject to civil penalties for knowing and willful violations of the Oil and Gas Act or rules or orders adopted pursuant to the Act.

ORDER

1. Operator is hereby directed to bring each of the wells identified in Exhibit “A” into compliance with OCD Rule 201 by either:
 - (a) restoring such well to production or other OCD-approved beneficial use by June 30, 2006;
 - (b) causing the wellbore to be plugged in accordance with OCD Rule 202 by June 30, 2006, and causing the site to be remediated in accordance with OCD Rule 202 within one year of plugging the wellbore; or
 - (c) securing OCD approval for temporary abandonment of the well in accordance with OCD Rule 203 by June 30, 2006.

2. Operator shall, beginning with the month of March 2005, plug, temporarily abandon or restore to production or other approved beneficial use a minimum of 2 of the wells identified in Exhibit "A" per calendar month. If more than 2 wells are plugged, temporarily abandoned or restored to production or other approved beneficial use during any month, the wells in excess of the number agreed to herein shall be credited to Operator's obligation hereunder for succeeding months, provided that all of the wells identified in Exhibit "A" shall be plugged, temporarily abandoned or restored to production or other approved beneficial use by June 30, 2006, according to the following schedule (hereinafter "schedule"):

| <u>Date:</u> | <u>Number of Wells from Exhibit "A"</u> | |
|--------------------|---|--------------|
| | <u>Per Month</u> | <u>Total</u> |
| March 31, 2005 | 2 | 2 |
| April 30, 2005 | 2 | 4 |
| May 31, 2005 | 2 | 6 |
| June 30, 2005 | 2 | 8 |
| July 31, 2005 | 2 | 10 |
| August 31, 2005 | 2 | 12 |
| September 30, 2005 | 2 | 14 |
| October 31, 2005 | 2 | 16 |
| November 30, 2005 | 2 | 18 |
| December 31, 2005 | 2 | 20 |
| January 31, 2006 | 2 | 22 |
| February 28, 2006 | 2 | 24 |
| March 31, 2006 | 2 | 26 |
| April 30, 2006 | 2 | 28 |
| May 31, 2006 | 2 | 30 |
| June 30, 2006 | 1 | 31 |

3. A well shall be considered "plugged" for purposes of the schedule set out in paragraph 2, above, when the Operator has plugged the wellbore in accordance with Rule 202.A and B (1) and (2), and filed a sundry notice with the appropriate district office notifying them that the wellbore has been plugged. The wellsite must be remediated in accordance with Rule 202.B(3) within one year of plugging the wellbore. Upon completion of the remediation, the Operator must contact the appropriate district office to arrange for an inspection of the well and location.
4. A well shall be considered "temporarily abandoned" for purposes of the schedule set out in paragraph 2, above, when the well has successfully passed the mechanical integrity test required by Rule 203 and the Operator has filed the request for temporary abandonment with the appropriate district office.
5. A well shall be considered "restored to production or other approved beneficial use" for purposes of the schedule set out in Paragraph 2, above, when actual production or other approved beneficial use has commenced.

6. Operator shall file a written compliance report with the appropriate district office, and send a copy to the OCD's attorney, by the 10th day of each month starting with April 2005, listing the wells identified in Exhibit "A" that it has plugged, temporarily abandoned or restored to production or other approved beneficial use. For each well listed, the Operator shall identify whether that well was plugged, temporarily abandoned or restored to production or other approved beneficial use, and the date that work was completed. Operator shall file monthly compliance reports until all wells identified in Exhibit "A" have been plugged, temporarily abandoned or restored to production or other approved beneficial use. If, at any time, the OCD determines that a well identified in the Operator's compliance report is not plugged, temporarily abandoned or restored to production or other approved beneficial use according to the definitions set out in this agreement, the OCD shall promptly notify the Operator, and those wells shall not be credited toward the Operator's obligations under this Order until they are plugged, temporarily abandoned or restored to production or other approved beneficial use as defined in this agreement.

7. If, at the end of any month, the total number of wells the Operator has plugged, temporarily abandoned or restored to production or other beneficial use is less than the number required under the schedule, Operator shall have a one-month grace period in which to become current. If, at the end of that one-month grace period, Operator has not become current under the schedule, Operator shall pay a penalty of \$1000 times the number of wells it is short of the total required for the current month. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the appropriate district office with the next month's report. Penalties are calculated, and payable, each month.

Example A: ABC Company's agreed compliance order requires it to plug, temporarily abandon or restore to production or other approved beneficial use a minimum of 6 wells each month. ABC Company meets or exceeds its obligations in months 1-4. The agreed schedule calls for a total of 30 wells to be plugged, temporarily abandoned or restored to production or other approved beneficial use by the end of month 5. But at the end of month 5, ABC Company is two wells behind schedule. ABC Company will have a one-month grace period in which to become current. At the end of month 6, however, ABC Company has plugged, temporarily abandoned or restored to production or other approved beneficial use a total of 35 wells: one well short of the 36 required by the schedule. ABC Company must pay a penalty of \$1000 when it files its report for month 6. At the end of month 7, ABC Company is 4 wells short of the 42 required by the schedule. ABC Company must pay a penalty of \$4000 when it files its report for month 7.

Example B: XYZ Company's agreed compliance order requires it to plug, temporarily abandon or restore to production or other approved beneficial use a minimum of 5 wells each month. XYZ Company files compliance reports each

month indicating that it is meeting its agreed schedule. In month 3, the OCD inspects the site of one of the wells listed as "plugged" in XYZ Company's compliance report for month 1, and determines that the wellbore has not been properly plugged under Rule 202.B(2) because the marker has not been placed on the site. Because the well has not been properly "plugged" as defined by this agreement, it will not count towards fulfilling XYZ Company's obligations under the schedule. XYZ Company will be responsible for calculating, and paying, any additional penalties that apply.

8. If Operator fails to plug, temporarily abandon or restore to production or other approved beneficial use all the wells identified in Exhibit "A" by June 30, 2006, Operator shall pay a penalty of \$2000 per well for each full month the well remains out of compliance with this order after that date. No grace period applies. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the appropriate district office with the next month's report. Penalties are calculated, and payable, each month.
9. In the event Operator encounters unanticipated circumstances (including, but not limited to inclement weather, or shortages of labor or equipment), which, in the reasonable opinion of the Operator, are likely to significantly disrupt or suspend the schedule of operations set forth in Ordering Paragraph (2) above, then Operator shall have the right to notify the OCD in writing of such circumstances and request an amendment to this Order. Such notification ("notice") shall:
 - (a) reasonably describe the unanticipated circumstances encountered by Operator;
 - (b) identify those wells on Exhibit "A" affected or expected to be affected by such unanticipated circumstances; and
 - (c) set forth a revised schedule, which, in the reasonable and prudent opinion of the Operator, is necessary to plug, temporarily abandon or restore to production or other approved use those wells on Exhibit "A" affected or expected to be affected by such unanticipated circumstances.

Within ten (10) days of receipt of this notice, the OCD shall either (A) approve a written amendment to this Order incorporating the revised schedule submitted by Operator, or (B) notify Operator that the revised schedule is not acceptable, but in such event promptly agree to meet with Operator at the OCD district office and negotiate in good faith in an attempt to reach a reasonable resolution of the situation. If the Operator and the OCD are unable to agree to amend this Order, the Operator may apply for a hearing before an OCD examiner and request an amendment to the Order revising the schedule. The Operator may also request that the examiner waive penalties accrued pursuant to this Order after the filing of the Notice as to those wells identified in the Notice.

Operator and the OCD each recognize that the purpose of this provision is to address unanticipated circumstances which the Operator, acting in good faith and as a reasonably prudent operator, could not reasonably expect to remedy under the thirty (30) day grace provision described in Ordering Paragraph (7) above.

10. For each plugged well, if the Operator fails to remediate the site and request inspection by the appropriate district office within one year of plugging the wellbore, the Operator shall pay a penalty of \$1000 for each full month that the well remains out of compliance with the remediation requirements of Rule 202.B(3). No grace period applies. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the appropriate district office. Penalties are calculated, and payable, each month.
11. By signing this Order, Operator expressly:
 - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - (b) agrees to plug, temporarily abandon or restore to production or other approved beneficial use the wells identified in Exhibit "A" under the schedule set out in Ordering Paragraph (2) or an amended schedule issued pursuant to Ordering Paragraph (9) above, and remediate plugged wells within one year of plugging the wellbore as set out in Ordering Paragraph (3);
 - (c) agrees to file monthly compliance reports as required in Ordering Paragraph (6);
 - (d) agrees to pay penalties as set out in Ordering Paragraphs (7), (8) and (9) if it fails to meet the schedule set out in Ordering Paragraph (2) or an amended schedule issued pursuant to Ordering Paragraph (9) above, or the remediation requirements set out in Ordering Paragraph (3);
 - (e) waives, subject to the provisions of Ordering Paragraph (9) above, any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order;
 - (f) agrees that the Order and amendments to the Order issued pursuant to Paragraph (9) above may be enforced by Division or Oil Conservation Commission Order, by suit or otherwise to the same extent and with the same effect as a final Order of the Division or Oil Conservation Commission entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act; and
 - (g) agrees that if it fails to pay penalties assessed pursuant to this Order, upon application by the Division the district court may enter judgment against Operator in the amount of the penalties assessed and the district court may, in its discretion, impose additional penalties against the Operator for violating the payment terms of this Order.

12. If the Operator complies with the terms of this Order and any amendments to the Order issued pursuant to Paragraph (9) above, the Division will not seek penalties beyond those applicable under the terms of this Order or any amendments to this Order for Operator's failure to bring the wells identified in Exhibit "A" into compliance with Rule 201 prior to the deadlines set by this Order.
13. This Order applies only to those wells identified in Exhibit "A." Other wells operated by Operator out of compliance with Rule 201 may be subject to immediate enforcement action under the Oil and Gas Act.

Done at Santa Fe, New Mexico this 8th day of April, 2005

By: Mark E. Fesmire

Mark Fesmire, P.E.

Director, Oil Conservation Division

ACCEPTANCE

BETWELL OIL hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

By: Lowell S. Dunn II

Title: PRESIDENT

Date: 2-4-05

Betwell Oil and Gas Company Ogrid # 2193
Exhibit A - Inactive well list

| | Well name and Number | API # | Date Last Prod/inj |
|----|---------------------------------------|------------|--------------------|
| | LMWWU = Langlie Mattix WoolWorth Unit | | |
| 1 | LMWWU # 112 | 3002511330 | Feb-99 |
| 2 | LMWWU # 114 | 3002528592 | Apr-01 |
| 3 | LMWWU # 118 | 3002511336 | Dec-92 |
| 4 | LMWWU # 119 | 3002522881 | Nov-88 |
| 5 | LMWWU # 121 | 3002511343 | Dec-92 |
| 6 | LMWWU # 122 | 3002511344 | Dec-92 |
| 7 | LMWWU # 124 | 3002511346 | Dec-92 |
| 8 | LMWWU # 125 | 3002511347 | Nov-96 |
| 9 | LMWWU # 126 | 3002511349 | Dec-03 |
| 10 | LMWWU # 127 | 3002511350 | Dec-94 |
| 11 | LMWWU # 141 | 3002511342 | Nov-85 |
| 12 | LMWWU # 151 | 3002511351 | Dec-92 |
| 13 | LMWWU # 152 | 3002511352 | Mar-83 |
| 14 | LMWWU # 203 | 3002523256 | Unknown |
| 15 | LMWWU # 204 | 3002523112 | Nov-98 |
| 16 | LMWWU # 304 | 3002511261 | Apr-99 |
| 17 | LMWWU # 308 | 3002520085 | Aug-85 |
| 18 | LMWWU # 501 | 3002511245 | May-99 |
| 19 | LMWWU # 502 | 3002511243 | Dec-03 |
| 20 | LMWWU # 504 | 3002511246 | Dec-92 |
| 21 | LMWWU # 505 | 3002522503 | Nov-93 |
| 22 | LMWWU # 603 | 3002511249 | May-02 |
| 23 | LMWWU # 701 | 3002511251 | Dec-02 |
| 24 | LMWWU # 707 | 3002511257 | Mar-97 |
| 25 | LMWWU # 801 | 3002511325 | May-84 |
| 26 | LMWWU # 802 | 3002511326 | Dec-92 |
| 27 | LMWWU # 804 | 3002511337 | Dec-92 |
| 28 | LMWWU # 805 | 3002523607 | Nov-96 |
| 29 | LMWWU # 902 | 3002511340 | Dec-92 |
| 30 | Black # 5 | 3002521085 | Feb-99 |
| 31 | Black WSW # 1 | 3002521083 | Feb-93 |

BY

Title PRESIDENT

Date 2-4-05

LMW 2

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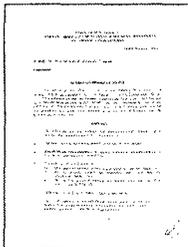
| Order Number | County | Order Date |
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| ACOI-87-0 | Lea | 4/8/2005 |

Entity: LANGLIE MATTIX WOOLWORTH UNIT No.112

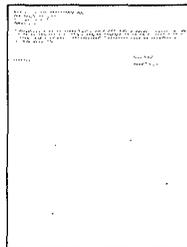
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Operator: BETWELL OIL & GAS CO

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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

July 18, 2006

Betwell Oil & Gas Co.
P.O. Box 2577
Hialeah FL 33012

NOTICE OF VIOLATION

Re: Inactive Well Agreed Compliance Order 87
OCD Rule 201 [19.15.4.201 NMAC]

OCD EXHIBIT B
CASE No. _____

Dear Operator:

Betwell Oil & Gas Co. (Betwell) is in violation of inactive well agreed compliance order 87 (ACOI-87) and OCD Rule 201 [19.15.4.201 NMAC]. The following facts support issuance of this notice of violation:

1. Betwell Oil and Gas Co. (Betwell) and the Oil Conservation Division (OCD) entered into ACOI-87, effective April 8, 2005. A copy of ACOI-87 is attached as **Exhibit 1**.
2. In ACOI-87 Betwell acknowledged that it was the operator of the 31 wells identified in Exhibit A to the order, and that those 31 wells had been continuously inactive for a period of one year plus ninety days; were not properly plugged and abandoned, and were not placed on temporary abandonment status.
3. OCD Rule 201 [19.15.4.201 NMAC] requires that a well be either properly plugged and abandoned or placed in approved temporary abandonment in accordance with OCD rules within 90 days after a period of one year in which a well has been continuously inactive.
4. In ACOI-87 Betwell agreed that it would return the 31 identified wells to compliance with Rule 201 under the schedule set out in the order, with all wells returned to compliance by June 30, 2006.
5. In ACOI-87 Betwell further agreed to penalties if it failed to meet the schedule set out in the order. Ordering Paragraph 7 provides for penalties for failing to meet the monthly schedule, and Ordering Paragraph 8 provides for penalties for failing to meet the June 30, 2006 deadline.
6. As of today's date, 15 of the wells identified in Exhibit A to ACOI-87 remain out of compliance with Rule 201. Attached as **Exhibit 2** is a print-out of Betwell wells that have been inactive for a continuous period exceeding one year plus ninety days, that are neither plugged and abandoned nor on approved temporary abandonment status. The wells that are subject to ACOI-87 are highlighted.
7. Ordering Paragraph 9 of ACOI-87 provides that the Operator may request an amendment to the order and a waiver of penalties if it encounters unanticipated circumstances that in the reasonable opinion of the Operator are likely to significantly disrupt or suspend the schedule of operations.

8. Betwell did not seek an amendment of the schedule or a waiver of penalties pursuant to Ordering Paragraph 9 of ACOI-87.

9. At the request of the OCD Hobbs District Office, on January 5, 2006, OCD Attorney Gail MacQuesten offered to work with Betwell on a new agreed compliance order. A copy of her e-mail is attached as **Exhibit 3**. Betwell did not respond to this offer.

Betwell is subject to penalties under the terms of ACOI-87. Betwell is also in violation of OCD Rule 201 as to those wells identified in Exhibit 2.

Betwell's misconduct warrants issuance of this "Notice of Violation" and assessment of civil penalties pursuant to ACOI-87 and NMSA 70-2-31.A. Section 70-2-31(A) authorizes penalties of up to one thousand dollars (\$1,000) per day per violation for any knowing or willful violation of any provision of the "Oil and Gas Act" or any rule or order adopted pursuant to the Act.

Because the violations at issue are serious and of a continuing nature, the Compliance and Enforcement Manager believes at this time a penalty of not less than \$15,000 (fifteen thousand dollars) and a definite commitment to future corrective action are essential. This penalty is based on continuing violations of Rule 201 and violations of the terms of ACOI-87.

Unless the matter is satisfactorily resolved at an administrative conference we will request an enforcement hearing before an OCD Hearing Examiner or file suit in District Court, where we will recommend issuance of a formal order assessing penalties and setting a date certain for returning the wells to compliance. The OCD will ask that the order allow the OCD to plug the wells if they are not returned to compliance by the date set in the order, and allow the OCD to forfeit the applicable financial assurance to reimburse it for the costs of plugging the wells.

Please contact me within ten (10) days at 505-476-3493 to schedule an administrative conference to discuss this matter. OCD legal counsel may be present by telephone for this conference and you may bring legal counsel if you wish.

Sincerely,
/s/

Daniel Sanchez
Enforcement and Compliance Manager

Cc: Seaboard Surety Co.
Burnt Mills Rd & Rt. 206
Bedminster, NJ 07921

Ec: Gail MacQuesten, OCD Attorney
Chris Williams, OCD District I
Tim Gum, OCD District II
Charlie Perrin, OCD District III

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

NMOCD –ACOI 87-A

IN THE MATTER OF BETWELL OIL AND GAS COMPANY,

Respondent.

AMENDED AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), the Director of the Oil Conservation Division ("OCD") and Betwell Oil and Gas Company ("Operator") enter into this amendment to Agreed Compliance Order 87 under which Operator agrees to an assessment of penalties for violating the terms of Agreed Compliance Order 87.

FINDINGS

1. Operator and the OCD entered into Agreed Compliance Order 87 ("ACOI 87" or "Order") on April 8, 2005.
2. ACOI 87 required Operator to bring the 31 wells identified in Exhibit A to the Order into compliance with OCD Rule 201 [19.15.4.201 NMAC] under an agreed schedule, which would result in all 31 wells returned to compliance by June 30, 2006.
3. ACOI 87 provided for penalties if Operator failed to return the 31 wells to compliance under the agreed schedule.
4. ACOI 87 provided that if the Operator encountered unanticipated circumstances that prevented it from meeting its compliance schedule, Operator could request an amendment to the schedule, and set out a procedure for requesting an amendment.
5. Operator did not request an amendment to ACOI 87.
6. When ACOI 87 expired on July 1, 2006, at least 15 of the wells identified in Exhibit A to the Order remained out of compliance with Rule 201.
6. Under the terms of ACOI 87, Operator is subject to penalties.
7. On July 18, 2006, the OCD issued a Notice of Violation to Operator alleging that Operator had failed to comply with ACOI 87, and that penalties were due.

ACOI 87-A
Betwell Oil and Gas Company
Page 1 of 3

**OCD EXHIBIT C
CASE No. _____**

8. At a compliance teleconference regarding the Notice of Violation, Operator
 - a) described its efforts to comply with ACOI 87;
 - b) described unanticipated difficulties it encountered in its attempt to comply with ACOI 87, including difficulties in obtaining equipment;
 - c) discussed a plan for returning the remaining wells on Exhibit A to compliance and agreed to negotiate a new compliance order for those wells and other wells that are out of compliance with Rule 201.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Operator has failed to comply with the schedule set out in ACOI 87, and is subject to penalties under the terms of that Order.
3. Operator has made some showing of good faith in its attempts to comply with ACOI 87, and that unanticipated circumstances contributed to its failure to meet its compliance goals.
4. Operator is acting in good faith to negotiate a new compliance order for its wells out of compliance with Rule 201.

ORDER

1. Taking into account Operator's return of 16 wells to compliance, the unanticipated circumstances that contributed to Operator's failure to meet its compliance goals, and Operator's good faith in negotiating a new compliance order for its non-complaint wells, Operator is hereby assessed a penalty of \$1,500 (one thousand five hundred dollars) for failing to meet the compliance schedule set out in ACOI 87.
2. The \$1,500 civil penalty shall be paid at the time Operator executes this amendment to ACOI-87. Payment shall be made by check payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505.
3. By signing this amendment to ACOI 87, Operator expressly:
 - (a) acknowledges the correctness of the Findings and Conclusions set forth in this amendment;
 - (b) agrees to the \$1,500 penalty assessed in Ordering Paragraph 1;

- (c) waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this amendment or to an appeal from this amendment; and
- (f) agrees that this amendment may be enforced by Division or Oil Conservation Commission order, by suit or otherwise to the same extent and with the same effect as a final order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.

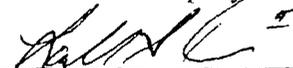
Done at Santa Fe, New Mexico this 12th day of Sept, 2006

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

ACCEPTANCE

Betwell Oil and Gas Company hereby accepts the foregoing amendment to ACOI 87, and agrees to all of the terms and provisions set forth in that amendment to ACOI 87.

Betwell Oil and Gas Company

By: 
(please print name): LOWELL S. DUNN
Title: PRESIDENT
Date: 9-8-06

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

NMOCD - ACOI- 144

IN THE MATTER OF BETWELL OIL & GAS CO.,

Respondent.

2006 SEP 12 PM 1:15

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), the Director of the Oil Conservation Division ("OCD") and Betwell Oil & Gas Co. ("Operator") enter into this Agreed Compliance Order ("Order") under which Operator agrees to bring wells identified herein into compliance with the Act and OCD Rule 201 [19.15.4.201 NMAC] in accordance with the following agreed schedule and procedures, and agrees to pay penalties as set out below if it fails to meet the schedule set out in this Order.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act, and rules and orders adopted pursuant to the Act.
2. Operator is a corporation doing business in the state of New Mexico.
3. Operator is the operator of record under OGRID 2193 for the wells identified in Exhibit "A," attached.
4. OCD Rule 201 [19.15.4.201 NMAC] states, in relevant part:

"A. The operator of any of the following wells, whether cased or uncased, shall be responsible for the plugging thereof: wells drilled for oil or gas; or service wells including but not limited to seismic, core, exploration or injection wells.

B. A well shall be either properly plugged and abandoned or placed in approved temporary abandonment in accordance with these rules within 90 days after:

....
....

(3) a period of one year in which a well has been continuously inactive."

5. The wells identified in Exhibit "A" have been inactive for an extended period of time, are not plugged and abandoned and are not on approved temporary abandonment status.
6. NMSA 1978, Section 70-2-31(A) authorizes the assessment of civil penalties of up to one thousand dollars per day per violation against any person who knowingly or willfully violates any provision of the Oil and Gas Act or any rule or order adopted pursuant to the Act.
7. NMSA 1978, Section 70-2-3(A) defines "person" in relevant part as
"any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity..."

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. The wells identified in Exhibit "A" are either out of compliance with Rule 201 or will fall out of compliance with Rule 201 in the next several months if they are not returned to production or other beneficial use, plugged and abandoned, or placed on approved temporary abandonment status.
3. As operator of the wells identified in Exhibit "A," Operator is responsible for bringing those wells into compliance with Rule 201.
4. Operator is a "person" as defined by OCD Rule 7.P(2) and may be subject to civil penalties for knowing and willful violations of the Oil and Gas Act or rules or orders adopted pursuant to the Act.

ORDER

1. Operator agrees to bring at least 6 of the wells identified in Exhibit "A" into compliance with OCD Rule 201 by February 28, 2007 by
 - (a) restoring the well to production or other OCD-approved beneficial use and filing a C-115 documenting such production or use;
 - (b) causing the wellbore to be plugged in accordance with OCD Rule 202.B(2) and filing a C-103 describing the completed work; or
 - (c) placing the well on approved temporary abandonment status pursuant to OCD Rule 203.

Transfer of a well identified on Exhibit "A" to another operator does not count towards Operator's obligation to return wells to compliance under the terms of

this Order, but does reduce the total number of wells for which Operator is responsible under the terms of this Order.

2. Operator shall file a compliance report by February 28, 2007 using the OCD's web-based on-line application, 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).
3. When the OCD receives a timely compliance report indicating that Operator has returned at least 6 wells to compliance and verifies the accuracy of that report, the OCD shall issue an amendment to this Order extending its terms for an additional six-month period. OCD shall provide a copy of that amendment to Operator at Operator's address of record provided pursuant to OCD Rule 100.C. If, in any six-month period, Operator returns more than 6 wells to compliance, the wells in excess of the number required will count towards the Operator's requirements for the next six-month period.
4. If Operator continues to return wells to compliance at a rate of at least 6 wells each six-month period, OCD shall continue to issue amendments to this Order extending its term for an additional six-month period. The total length of this Agreed Compliance Order, including the initial six-month period and any amendments, shall not exceed two years. At the end of two years, Operator and the OCD may negotiate a new agreed compliance order.
5. If Operator fails to bring at least 6 wells into compliance in any six-month period covered by this Order or amendments issued to this Order, Operator agrees to pay a penalty of \$1000 times the number of wells it failed to bring into compliance under its schedule during the applicable six month period. In the event the Operator encounters unanticipated circumstances that prevent it from meeting its 6-well goal, Operator may file an administrative application with the OCD to request a waiver or reduction of the penalty, and serve the OCD's Enforcement and Compliance Manager with a copy of the application. If the Enforcement and Compliance Manager concurs with the Operator's request, the application may be granted administratively. If the Enforcement and Compliance Manager does not concur with the Operator's request, the application shall be set for hearing. Once Operator pays the penalty or files an administrative application to request a waiver or reduction of the penalty, the OCD may, in its discretion, issue an amendment to this Order extending its terms for an additional six-month period.

Example A: Operator X enters into an agreed compliance order under which it agrees to bring 5 wells into compliance in a six-month period. At the end of the six-month period, Operator X has brought only 3 wells into compliance. Operator X pays the \$2000 penalty. The OCD exercises its discretion to issue an amendment extending the term of the agreed compliance order for an additional six-month period, again requiring Operator X to bring at least 5 wells into

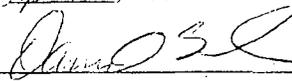
compliance. During this additional six-month period, Operator brings only one well into compliance. Operator X pays a \$4000 penalty. Although Operator X pays the \$4000 penalty, the OCD exercises its discretion and declines to issue an amendment to extend the terms of the agreed compliance order for an additional six-month period.

Example B: Operator Y enters into an agreed compliance order under which it agrees to bring 10 wells into compliance in a six-month period. Although Y has made arrangements for plugging the 10 wells, due to adverse weather conditions and mechanical difficulties with the available plugging rig, Y is able to plug only 3 wells. Y files an administrative application for hearing seeking to waive the \$7000 penalty, and serves the Enforcement and Compliance Manager with a copy of the application. The Enforcement and Compliance Manager does not concur with the application's request to waive the full amount of the penalty, so the application is set for hearing. The OCD exercises its discretion and issues an amendment to extend the terms of the agreed compliance order for an additional six-month period.

6. Thirty days after the expiration of the term of this Order and any amendments to this Order, any wells on Exhibit "A" not in compliance with OCD Rule 201 will appear on the inactive well list kept pursuant to OCD Rule 40.F.
7. By signing this Order, Operator expressly:
 - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - (b) agrees to return to compliance 6 of the wells identified in Exhibit "A" by February 28, 2007, and agrees to comply with the compliance deadlines set by any amendments to this Order;
 - (c) agrees to submit a compliance report as required in Ordering Paragraph 2 and the deadline set by any amendments to this Order;
 - (d) agrees to pay penalties as set out in Ordering Paragraph 5 if it fails to return 6 wells to compliance under the deadlines set by this Order or any amendments to this Order;
 - (e) waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior to or subsequent to the entry of this Order or to an appeal from this Order; and
 - (f) agrees that the Order and amendments to the Order may be enforced by OCD or Oil Conservation Commission Order, by suit or otherwise to the same extent and with the same effect as a final Order of the OCD or Oil Conservation Commission entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.
8. This Order applies only to those wells identified in Exhibit "A." Other wells operated by Operator out of compliance with Rule 201 may be subject to immediate enforcement action under the Oil and Gas Act.

9. Execution of this Order does not prevent the OCD from enforcing rules other than Rule 201 as to the wells identified in Exhibit "A."
10. The OCD reserves the right to file an application for hearing to obtain authority to plug any well identified in Exhibit "A" and forfeit the applicable financial assurance if the well poses an immediate environmental threat.

Done at Santa Fe, New Mexico this 12th day of September, 2006

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

ACCEPTANCE

Betwell Oil & Gas Co. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

Betwell Oil & Gas Co.

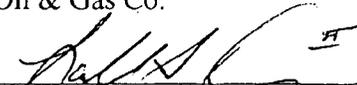
By: 
(Please print name) LOWELL J. DUNN
Title: PRESIDENT
Date: 9-8-06

Exhibit A to Agreed Compliance Order for Betwell Oil & Gas Co.

| District | API | Well | ULSTR | OCD Unit | OGRID | Operator | Lease Type | Well Type | Last Production | Formation/Notes | Status | Days in TA |
|----------|--------------|------------------------------------|--------------|----------|-------|----------------------|------------|-----------|-----------------|-----------------|--------|------------|
| 1 | 30-025-12541 | LANGLIE MATTIX WOOLWORTH UNIT #002 | M-33-24S-37E | M | 2193 | BETWELL OIL & GAS CO | P | O | 04/2005 | | | |
| 1 | 30-025-25373 | LANGLIE MATTIX WOOLWORTH UNIT #009 | I-28-24S-37E | I | 2193 | BETWELL OIL & GAS CO | F | O | 10/1994 | LANGLIE MATTIX | | |
| 1 | 30-025-28592 | LANGLIE MATTIX WOOLWORTH UNIT #114 | G-33-24S-37E | G | 2193 | BETWELL OIL & GAS CO | P | O | 04/2001 | | | |
| 1 | 30-025-11333 | LANGLIE MATTIX WOOLWORTH UNIT #115 | O-33-24S-37E | O | 2193 | BETWELL OIL & GAS CO | P | O | 07/2004 | | | |
| 1 | 30-025-11334 | LANGLIE MATTIX WOOLWORTH UNIT #116 | A-33-24S-37E | A | 2193 | BETWELL OIL & GAS CO | P | O | 04/2005 | | | |
| 1 | 30-025-11336 | LANGLIE MATTIX WOOLWORTH UNIT #118 | B-33-24S-37E | B | 2193 | BETWELL OIL & GAS CO | P | I | 12/1992 | | | |
| 1 | 30-025-11343 | LANGLIE MATTIX WOOLWORTH UNIT #121 | H-34-24S-37E | H | 2193 | BETWELL OIL & GAS CO | P | I | 12/1992 | | | |
| 1 | 30-025-11344 | LANGLIE MATTIX WOOLWORTH UNIT #122 | F-34-24S-37E | F | 2193 | BETWELL OIL & GAS CO | P | I | 12/1992 | | | |
| 1 | 30-025-11346 | LANGLIE MATTIX WOOLWORTH UNIT #124 | D-34-24S-37E | D | 2193 | BETWELL OIL & GAS CO | P | I | 12/1992 | | | |
| 1 | 30-025-11350 | LANGLIE MATTIX WOOLWORTH UNIT #127 | A-34-24S-37E | A | 2193 | BETWELL OIL & GAS CO | P | O | 10/1994 | | | |
| 1 | 30-025-11342 | LANGLIE MATTIX WOOLWORTH UNIT #141 | K-34-24S-37E | K | 2193 | BETWELL OIL & GAS CO | P | O | 11/1985 | | | |
| 1 | 30-025-11351 | LANGLIE MATTIX WOOLWORTH UNIT #151 | J-34-24S-37E | J | 2193 | BETWELL OIL & GAS CO | P | I | 12/1992 | | | |
| 1 | 30-025-11352 | LANGLIE MATTIX WOOLWORTH UNIT #152 | I-34-24S-37E | I | 2193 | BETWELL OIL & GAS CO | P | O | 03/1983 | | | |
| 1 | 30-025-11348 | LANGLIE MATTIX WOOLWORTH UNIT #163 | M-34-24S-37E | M | 2193 | BETWELL OIL & GAS CO | P | O | 11/2005 | | | |
| 1 | 30-025-11281 | LANGLIE MATTIX WOOLWORTH UNIT #164 | P-34-24S-37E | P | 2193 | BETWELL OIL & GAS CO | P | O | 01/2005 | | | |
| 1 | 30-025-11261 | LANGLIE MATTIX WOOLWORTH UNIT #304 | I-28-24S-37E | I | 2193 | BETWELL OIL & GAS CO | P | O | 04/1999 | | | |
| 1 | 30-025-11262 | LANGLIE MATTIX WOOLWORTH UNIT #305 | G-28-24S-37E | G | 2193 | BETWELL OIL & GAS CO | P | O | 04/2005 | | | |
| 1 | 30-025-11245 | LANGLIE MATTIX WOOLWORTH UNIT #501 | D-27-24S-37E | D | 2193 | BETWELL OIL & GAS CO | P | O | 05/1999 | | | |
| 1 | 30-025-22503 | LANGLIE MATTIX WOOLWORTH UNIT #505 | C-27-24S-37E | C | 2193 | BETWELL OIL & GAS CO | S | I | 11/1993 | LANGLIE MATTIX | | |
| 1 | 30-025-11251 | LANGLIE MATTIX WOOLWORTH UNIT #701 | B-27-24S-37E | B | 2193 | BETWELL OIL & GAS CO | F | O | 12/2002 | | | |
| 1 | 30-025-11325 | LANGLIE MATTIX WOOLWORTH UNIT #801 | C-33-24S-37E | C | 2193 | BETWELL OIL & GAS CO | P | O | 05/1984 | | | |
| 1 | 30-025-23607 | LANGLIE MATTIX WOOLWORTH UNIT #805 | E-33-24S-37E | E | 2193 | BETWELL OIL & GAS CO | P | O | 11/1996 | | | |

Betwell Oil & Gas Co.
 By: *[Signature]*

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

NMOCD - ACOI 144-A

IN THE MATTER OF BETWELL OIL & GAS CO.,

Respondent.

AMENDED
AGREED COMPLIANCE ORDER

Pursuant to Ordering Paragraph 3 of Agreed Compliance Order 144, the Director of the Oil Conservation Division ("OCD") hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 144 ("ACOI 144") requires Betweel Oil & Gas Co. ("Operator") to return to compliance with OCD Rule 201 at least six of the wells identified in Exhibit A by February 28, 2007, and file a compliance report by that date.

2. ACOI 144 further provides that if Operator returns to compliance with OCD Rule 201 at least six of the wells identified in Exhibit A by February 28, 1007, and files a timely compliance report, the OCD shall issue an amendment extending the terms of ACOI 141 for an additional six-month period, requiring Operator to return an additional six wells to compliance by that deadline. If Operator returns more than six of the wells identified in Exhibit A to compliance by February 28, 2007, the excess will count towards Operator's goal in the next period.

3. Operator filed a timely compliance report, and the OCD has verified that OCD records indicate that Operator has returned the following seven wells identified in Exhibit A to compliance:

- | | |
|--------------------------------------|--------------|
| • Langlie Mattix Woolworth Unit #116 | 30-025-11334 |
| • Langlie Mattix Woolworth Unit #118 | 30-025-11336 |
| • Langlie Mattix Woolworth Unit #121 | 30-025-11343 |
| • Langlie Mattix Woolworth Unit #122 | 30-025-11344 |
| • Langlie Mattix Woolworth Unit #124 | 30-025-11346 |
| • Langlie Mattix Woolworth Unit #151 | 30-025-11351 |
| • Langlie Mattix Woolworth Unit #505 | 30-025-22503 |

CONCLUSIONS

1. Operator returned seven of the wells identified in Exhibit A to compliance by February 28, 2007, exceeding its six-well goal by one well.

Betwell Oil & Gas Co.

ACOI 144-A

Page 1 of 2

OCD EXHIBIT E
CASE No. _____

2. The OCD should amend ACOI 144 to extend its terms through August 28, 2007 and require Operator to return to compliance by that date five wells identified in Exhibit A not identified in Findings Paragraph 3, above.

ORDER

1. Operator shall return to compliance by August 28, 2007 five wells identified in Exhibit A not identified in Findings Paragraph 3, above.

2. Operator shall file a compliance report by August 28, 2007 using the Oil Conservation Division's web-based on-line application. If the on-line application is not available, Operator shall file a written compliance report.

3. The terms of ACOI 144 otherwise remain in effect.

Done at Santa Fe, New Mexico this 21st day of February, 2007

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 18, 2007

Mr. Lowell S. Dunn II, President
Betwell Oil & Gas Co.
P.O. Box 2577
Hialeah, FL 33012
[address of record]

Re: Betwell Oil & Gas Co., OGRID 2193
Inactive well agreed compliance order 144-A

Dear Operator:

Inactive well agreed compliance order 114-A (ACOI 114-A) required Betwell Oil & Gas Co. (Betwell) to return at least five additional wells to compliance by August 28, 2007, and file a compliance report by that date. If Betwell failed to return at least five additional wells to compliance by that date, it would be subject to a \$1,000 penalty for each well it fell short of its goal. Betwell could request a reduction or waiver of the penalty if it showed that extraordinary circumstances prevented it from reaching its five-well goal.

The August 28, 2007 deadline has passed. Betwell did not file a compliance report. A review of Oil Conservation Division (OCD) records indicates that Betwell returned only one additional well to compliance, so it fell short of its goal by 4 wells, and is subject to a \$4,000 penalty. Betwell has not requested a waiver or reduction of the penalty. ACOI 114-A has now expired, and non-compliant wells covered by the order now appear on the inactive well list for Betwell. A copy of that list is enclosed. It shows that Betwell operates 69 wells in New Mexico, and 18 of those wells are in violation of the inactive well rule, 19.15.4.201 NMAC. Because of the large number of wells in violation of the inactive well rule, Betwell is in violation of Rule 40.A(4).

The \$4,000 penalty is due and payable immediately. Please send a check for \$4,000, payable to "The Oil Conservation Division," to the following address:

EMNRD-OCD
1220 S. St. Francis Drive
Santa Fe, NM 87505
Attn: Daniel Sanchez

If payment is not received within the next 70 days, Betwell will also be in violation of Rule 40.A(3) (19.15.1.40.A(3) NMAC), and will remain in violation until the penalty is paid.

Please remember that effective January 1, 2008 all state and fee wells that have been inactive for more than two years will require a single-well financial assurance, in the amounts set by 19.15.3.101 NMAC.

Sincerely,


Daniel Sanchez, Compliance and Enforcement Manager

cc: Gail MacQuesten, OCD Attorney
Chris Williams, OCD District I

OCD EXHIBIT F
CASE No. _____

Inactive Well List

Total Well Count: 69 Inactive Well Count: 18 Since: 7/24/2006

Printed On: Wednesday, October 17 2007

| District | API | Well | ULSTR | OCD Unit | OGRID | Operator | Lease Type | Well Type | Last Production | Formation/Notes | Status | TA Exp Date |
|----------|--------------|------------------------------------|--------------|----------|-------|----------------------|------------|-----------|-----------------|-----------------|--------|-------------|
| 1 | 30-025-12541 | LANGLIE MATTIX WOOLWORTH UNIT #002 | M-33-24S-37E | M | 2193 | BETWELL OIL & GAS CO | P | O | 04/2005 | | | |
| 1 | 30-025-25373 | LANGLIE MATTIX WOOLWORTH UNIT #009 | I-28-24S-37E | I | 2193 | BETWELL OIL & GAS CO | F | O | 10/1994 | LANGLIE MATTIX | | |
| 1 | 30-025-23099 | LANGLIE MATTIX WOOLWORTH UNIT #105 | F-28-24S-37E | F | 2193 | BETWELL OIL & GAS CO | P | I | 12/2005 | | | |
| 1 | 30-025-28592 | LANGLIE MATTIX WOOLWORTH UNIT #114 | G-33-24S-37E | G | 2193 | BETWELL OIL & GAS CO | P | O | 04/2001 | | | |
| 1 | 30-025-11333 | LANGLIE MATTIX WOOLWORTH UNIT #115 | O-33-24S-37E | O | 2193 | BETWELL OIL & GAS CO | P | O | 07/2004 | | | |
| 1 | 30-025-11350 | LANGLIE MATTIX WOOLWORTH UNIT #127 | A-34-24S-37E | A | 2193 | BETWELL OIL & GAS CO | P | O | 10/1994 | | | |
| 1 | 30-025-11342 | LANGLIE MATTIX WOOLWORTH UNIT #141 | K-34-24S-37E | K | 2193 | BETWELL OIL & GAS CO | P | O | 11/1985 | | | |
| 1 | 30-025-11352 | LANGLIE MATTIX WOOLWORTH UNIT #152 | I-34-24S-37E | I | 2193 | BETWELL OIL & GAS CO | P | O | 03/1983 | | | |
| 1 | 30-025-11348 | LANGLIE MATTIX WOOLWORTH UNIT #163 | M-34-24S-37E | M | 2193 | BETWELL OIL & GAS CO | P | O | 11/2005 | | | |
| 1 | 30-025-11281 | LANGLIE MATTIX WOOLWORTH UNIT #164 | P-34-24S-37E | P | 2193 | BETWELL OIL & GAS CO | P | O | 01/2005 | | | |
| 1 | 30-025-11270 | LANGLIE MATTIX WOOLWORTH UNIT #201 | K-28-24S-37E | K | 2193 | BETWELL OIL & GAS CO | P | O | 03/2006 | | | |
| 1 | 30-025-11261 | LANGLIE MATTIX WOOLWORTH UNIT #304 | I-28-24S-37E | I | 2193 | BETWELL OIL & GAS CO | P | O | 04/1999 | | | |
| 1 | 30-025-11264 | LANGLIE MATTIX WOOLWORTH UNIT #307 | P-28-24S-37E | P | 2193 | BETWELL OIL & GAS CO | P | I | 12/2005 | | | |
| 1 | 30-025-11245 | LANGLIE MATTIX WOOLWORTH UNIT #501 | D-27-24S-37E | D | 2193 | BETWELL OIL & GAS CO | P | O | 05/1999 | | | |
| 1 | 30-025-11247 | LANGLIE MATTIX WOOLWORTH UNIT #601 | L-27-24S-37E | L | 2193 | BETWELL OIL & GAS CO | P | I | 12/2005 | LANGLIE MATTIX | | |
| 1 | 30-025-11251 | LANGLIE MATTIX WOOLWORTH UNIT #701 | B-27-24S-37E | B | 2193 | BETWELL OIL & GAS CO | F | O | 12/2002 | | | |
| 1 | 30-025-11325 | LANGLIE MATTIX WOOLWORTH UNIT #801 | C-33-24S-37E | C | 2193 | BETWELL OIL & GAS CO | P | O | 05/1984 | | | |
| 1 | 30-025-23607 | LANGLIE MATTIX WOOLWORTH UNIT #805 | E-33-24S-37E | E | 2193 | BETWELL OIL & GAS CO | P | O | 11/1996 | | | |

WHERE Ogrid:2193, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period