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

NMOCD-OGA-04-47

PSEN0500633846

IN THE MATTER OF RICHARDSON OPERATING COMPANY.

Respondent.

**AGREED ORDER DIRECTING COMPLIANCE
AND ASSESSING CIVIL PENALTY**



Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), and the rules and orders promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico ("OCD") issues this Order to **RICHARDSON OPERATING COMPANY** ("Richardson") directing compliance with the Act and OCD rules and orders, and assessing a penalty for violations of the Act and OCD rules and orders.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Richardson is a Colorado Corporation doing business in New Mexico, registered with the Public Regulatory Commission under number 1469584. Richardson is an active entity with a principal New Mexico address at 4601 DTC Blvd Ste 470, Denver, Colorado 80237. Its registered agent for service of process in New Mexico is C. T. Corporation System, 123 E. Marcy, Santa Fe NM 87501. Richardson's OGRID is 19219.
3. Richardson is the operator of record of the Northwest Cha Cha Unit #60, API #30-045-29125, located at Unit Letter I, Section 27, Township 29 North, Range 14 West in San Juan county, New Mexico ("well").
4. On September 16, 2004, New Mexico Oil Conservation Division (OCD) Deputy Oil and Gas Inspector Bruce Martin found that there was no pressure-limiting device on the referenced well or on the injection system.
5. An OCD investigation and review of relevant documents established the following facts:
 - a. The well is subject to Administrative Order PMX-185.
 - b. Administrative Order PMX-185 says in pertinent part, "The injection well or system shall be equipped with a pressure limiting device which will limit

the wellhead pressure on the injection well to no more than .2 PSI per foot of depth to the uppermost injection perforation.”

- c. For approximately one month the system referenced in order PMX-185 was being repaired. During that time a previously installed pressure-limiting device had been removed.
6. As a result of its investigation, the OCD issued Notice of Violation (3-04-20) to Richardson.

CONCLUSIONS


1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Richardson is a person as defined by NMSA 1978, Section 70-2-33(A) subject to civil penalties under NMSA 1978, Section 70-2-31(A) for knowing and willful violations of the Oil and Gas Act or OCD rules or orders.
3. Richardson is subject to civil penalties under NMSA 1978, Section 70-2-31(A) for Violations of OCD Administrative Order PMX 185.

ORDER AND CIVIL PENALTY

1. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty totaling one thousand dollars (\$1,000) against Richardson.
2. The civil penalty shall be paid within sixty days of receipt of this order. 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 New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505.
3. By signing this order, Richardson expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this order;
 - b. agrees to comply with ordering paragraph 2;
 - 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 Order or to an appeal from this Order;
 - d. agrees that if it fails to comply with this Order, the Order may be enforced 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;

- e. agrees that if it fails to pay penalties assessed pursuant to this order, upon application by the OCD the district court may enter judgment against Burlington in the amount of the penalties assessed and, in the discretion of the court, may impose additional penalties for Burlington's violation of the penalty provisions of this order.

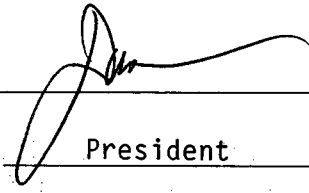
Done at Santa Fe, New Mexico, this 3rd day of January, 2004.

By: 
Mark Fesmire, PE, Director
Oil Conservation Division

ACCEPTANCE

Richardson Operating Company, hereby accepts the foregoing order, and agrees to all of the terms and provisions set forth in the order.

Richardson Operating Company

By: 
Title: President
Date: 12-16-2004