

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

NMOCD – ACO- 282

**IN THE MATTER OF Kerr McGee
Energy Services Corp./Anadarko Petroleum Corp.,**

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") and OCD Rule 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and Anadarko Petroleum Corp. ("Operator") enter into this Agreed Compliance Order ("Order" or "ACO") under which Operator agrees to plug and abandon the wells identified herein pursuant to the Act and OCD Rule 19.15.25.8 NMAC in accordance with the following agreed schedule and procedures, and understands that the OCD may decide not to enter into any further agreed compliance orders with Operator if Operator 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 under OGRID No. 817.
3. Kerr McGee is the Operator of Record for the Booher 35 #3 well, API No. 30-005-20843, located in Chaves County, New Mexico, section, township range H-35-7S-31E ("subject well").
4. Operator purchased Kerr McGee Energy Services Corp. (OGRID No. 12558) on or around June, 2006.
5. OCD Rule 19.15.25.8 NMAC states, in relevant part:

"A. The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.

B. The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:

ACO

Anadarko Petroleum Corp. OGRID 817

Page 1 of 3

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

6. The subject well:

- (a) has been continuously inactive for a period of one year plus 90 days;
- (b) is not plugged or abandoned in accordance with OCD Rules 19.15.25.9 NMAC through 19.15.25.11 NMAC; and
- (c) is not on approved temporary abandonment status in accordance with OCD Rules 19.15.25.12 NMAC through 19.15.25.14 NMAC.

CONCLUSIONS

- 1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
- 2. The subject well is out of compliance with OCD Rule 19.15.25.8 NMAC.
- 3. Operator is responsible for bringing those wells into compliance with OCD Rule 19.15.25.8 NMAC.

ORDER

- 1. Operator agrees to bring the subject well into compliance with OCD Rule 19.15.25.8 NMAC by July 28, 2014, by causing the wellbore to be plugged in accordance with OCD Rules 19.15.25.9 NMAC through 19.15.25.11 NMAC, **and by filing a C-103 describing the completed work.** Prior to the beginning of work, the C-103 must be sent to the appropriate division district office as a notice of intent to plug and abandon, and shall be updated within 30 days of completion in accordance with OCD Rule 19.15.7.14 NMAC.
- 2. Upon completion, Operator agrees to submit OCD Form C-105 no later than 60 days after completion of closure of the well.
- 3. Operator understands that if it fails to meet the terms of this Order, the OCD may decide not to enter into any further agreed compliance orders with Operator, and may take further enforcement actions against the Operator.
- 4. Thirty days after the compliance deadline of July 28, 2014, set by this Order, if the subject well is not in compliance with OCD Rule 19.15.25.8 NMAC, the well will appear on the inactive well list kept pursuant to OCD Rule 19.15.5.9(F) NMAC and the OCD reserves the right to file an application for hearing to obtain authority to plug the subject well, forfeit the applicable financial assurance, and seek reimbursement from the Operator for the work performed.

ACO

Anadarko Petroleum Corp. OGRID 817

Page 2 of 3

5. By signing this Order, Operator expressly:

- (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
- (b) agrees to return the subject well to compliance by July 28, 2014;
- (c) agrees to submit a compliance report as required in Ordering Paragraph 2 by the July 28, 2014 compliance deadline set by this Order;
- (d) waives any right, pursuant to the Oil and Gas Act or otherwise, to an appeal from this Order, or to a hearing either prior to or subsequent to the entry of this Order; and
- (e) agrees that 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.

6. This Order applies only to the enforcement of OCD Rule 19.15.25.8 NMAC against the subject well identified in this Order. Other wells operated by Operator out of compliance with OCD Rule 19.15.25.8 NMAC may be subject to immediate enforcement action under the Oil and Gas Act and OCD Rules.

Done at Santa Fe, New Mexico this 2nd day of June, 2014

By: Janni Bailey
Janni Bailey
Director, Oil Conservation Division

ACCEPTANCE

Anadarko Petroleum Corp. hereby accepts the foregoing Order and agrees to all of the terms and provisions set forth in that Order.



Anadarko Petroleum Corp.

By: David J. McBride

(Please print name) David J. McBride

Title: VP EHS

Date: MAY 27, 2014