

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

IN RE SPECIAL ENERGY CORPORATION

NMOCD-ACO-2020-027

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and Special Energy Corporation ("Operator") enter into this Agreed Compliance Order ("Order").

I. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. OCD is charged with the administration and enforcement of the Act and the rules adopted thereunder, and has jurisdiction over Operator and its wells in the state of New Mexico.
2. Operator is the operator of record under OGRID **138008** for the **26** wells ("Wells") in Exhibit A which have been shut-in or which will be shut-in due to economic conditions, and that are or will be inactive under 19.15.25 NMAC.
3. Operator has provided financial assurance for each Well in accordance with 19.15.8 NMAC.
4. Operator intends to restore production from the Wells upon the improvement of economic conditions.
5. OCD is authorized to impose sanctions for violation of the Oil and Gas Act and the implementing rules.
6. Operator requests this Order in order to avoid the imposition of sanctions with respect to the Wells, including 19.15.5.9 NMAC (wells in violation of 19.15.25 NMAC); 19.15.8.9(D) NMAC (inactive wells without sufficient financial assurance); and 19.15.25.12 NMAC (wells exceeding the limitation for wells in approved temporary abandonment status).
7. Operator admits the findings of fact and waives any right to appeal from this Order.

II. ORDER

8. No later than **July 6, 2023**, Operator shall take one of the following actions for each Well:
 - (a) restore the Well to production and file a C-115;



- (b) place the Well on approved temporary abandonment status in accordance with 19.15.25 NMAC; or
 - (c) Plug the Well in accordance with 19.15.25.10 NMAC and file a Form C-103.
- 9. OCD may extend the specified date for a Well in Exhibit A for an additional twelve (12) months for good cause shown.
- 10. Operator shall submit a report no later than twelve (12) months, twenty-four (24) months, and thirty-six (36) months after the date of issuance of this Order stating whether the Well has been restored to production, placed on approved temporary abandonment status, or plugged.
- 11. Operator shall maintain the financial assurance for each Well in accordance with 19.15.8 NMAC, including, no later than the specified date in Exhibit A, the applicable blanket bond or one well financial assurance required by 19.15.8.9(D) NMAC.
- 12. Operator shall conduct a Bradenhead test on each Well no later than twelve (12) months, twenty-four (24) months, and thirty-six (36) months after the date of issuance of this Order, and shall submit a compliance report for each test no later than thirty (30) days after such test.
- 13. If a Well appears to have a defective casing program or faultily cemented or corroded casing that will permit or may create underground waste or contamination of fresh waters, Operator shall give written notice to OCD within five (5) working days and proceed with diligence to use the appropriate method and means to eliminate the hazard. If the hazard of waste or contamination of fresh water cannot be eliminated, Operator shall properly plug and abandon the Well. 19.15.16.11 NMAC.
- 14. Operator shall submit a production report for each Well on or before the 15th day of the second month following the month of production in accordance with 19.15.7.24(B) NMAC.
- 15. No later than the thirty (30) days after the date of issuance of this Order, Operator shall send a report by electronic mail to OCD's Enforcement and Compliance Manager describing the amount of production for each Well in the last month prior to the shut-in date specified in Exhibit A.
- 16. Operator shall not transfer a Well to another operator unless approved in writing by OCD.
- 17. A Well that is restored to production shall be subject to each obligation stated herein for the duration of this Order regardless of its active or inactive status on the date that the obligation accrues.

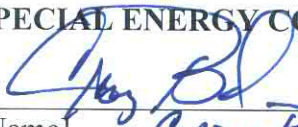
18. A Well shall be classified as and shall remain in "shut in" status within the OCD data management system for the duration of this Order regardless of its active or inactive status.
19. If Operator fails to comply with this Order, it shall pay a stipulated penalty of \$250 for each day on which the failure to comply occurs.
20. If Operator fails to comply with this Order or the Well poses an imminent threat to the public health or environment, in addition to the stipulated penalties specified above, OCD may apply for an order to plug a Well and to forfeit the financial assurance for the Well.
21. OCD reserves the right to impose a sanction for any alleged violation not addressed in this Order.

NEW MEXICO OIL CONSERVATION DIVISION


Adrienne Sandoval
Director

Date: 7/06/2020

SPECIAL ENERGY CORPORATION


[Name] GARY BOND.
[Position] Vice-President

Date: 7-6-20

EXHIBIT A

Special Energy Corp												
API #	WELL NAME / #	LEASE TYPE	WELL TYPE	LAST PRODUCTION	YEAR 1 REPORT		YEAR 2 REPORT		YEAR 3 REPORT		YEAR 1 TEST	
					Due	Actual	Due	Actual	Due	Actual	Due	Actual
30-015-34252	BOX CANYON 13 FEDERAL#001	Federal	Gas	Mar-20								
30-015-31674	BRIGHT FEDERAL#004	Federal	Gas	May-19								
30-015-10386	BRIGHT FEDERAL GAS COM#001	Federal	Gas	May-19								
30-015-28556	BRIGHT FEDERAL GAS COM#002	Federal	Gas	Apr-19								
30-015-25007	BUNNELL FEDERAL#002	Federal	Gas	Apr-19								
30-025-27493	BYARS#001	Private	Oil	Oct-06								
30-025-07152	CLOVIS K KENDRICK#001 (Active TA)	Private	Oil	Jul-10								
30-025-07153	CLOVIS K KENDRICK#002 (Active TA)	Private	Oil	Nov-12								
30-015-30925	CONOCO STATE#006	State	Gas	Apr-19								
30-015-32413	CONOCO STATE#008	State	Gas	Oct-18								
30-015-28510	CONOCO STATE GAS COM#002	State	Gas	Apr-14								
30-015-30621	CONOCO STATE GAS COM#004	State	Gas	May-19								
30-015-30875	CONOCO STATE GAS COM#007	State	Gas	Apr-19								
30-015-31180	FEDERAL 28#002	Federal	Gas	May-19								
30-015-33256	FEDERAL 28#003	Federal	Gas	May-19								
30-015-33402	FEDERAL 28#004	Federal	Gas	Apr-19								
30-025-07190	HENRY A HARRIS#004 (Active TA)	Private	Oil	Oct-07								
30-015-30086	LOWE STATE#003	State	Gas	Apr-19								
30-015-30625	LOWE STATE#004	State	Gas	Apr-19								
30-015-30583	LOWE STATE#005	State	Gas	Apr-19								
30-015-33373	LOWE STATE#006	State	Gas	Apr-19								
30-025-31152	PITTS KENDRICK#001	Private	Oil	Apr-13								
30-025-07148	V V WALLACE#003	Private	Oil	Feb-13								
30-025-07149	V V WALLACE#004	Private	Oil	Sep-16								
30-015-30945	WEST INDIAN BASIN UNIT#001Y	Federal	Gas	May-19								
30-025-30034	YATES STATE#001	State	Oil	Aug-18								