

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

**IN RE: EOR OPERATING COMPANY.**

**NMOCD-ACO-201880**

**AMENDMENT NO. 1 TO 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(C) NMAC, the Director of the Oil Conservation Division ("OCD") and EOR Operating Company (OGRID #257420) ("Operator") enter into this Amendment No. 1 to Agreed Compliance Order 201880 ("ACO 2020-01"). The OCD and Operator agree as follows:

**I. FINDINGS & AMENDED AGREEMENT**

1. The following terms amend and supersede fully the terms of ACO 2020-01.
2. OCD is charged with the administration and enforcement of the Oil and Gas Act and the rules and has jurisdiction over Operator and its wells in the state of New Mexico.
3. Operator is registered with the OCD under OGRID # 257420.
4. Operator is the operator of record for the 49 wells listed on *Exhibit A*, all of which are inactive, and Operator will address the wells described on *Exhibit A* to restore each well to production, plug the well, or TA the well by the dates set forth in *Exhibit A*.
5. Operator has sufficient financial assurance for the Wells under 19.15.8.9(C) NMAC.
6. OCD is authorized to impose sanctions for violations of the Oil and Gas Act and the rules, including denial or revocation of registrations, applications, permits, authorizations and transfers, and the assessment of civil penalties. *See* 19.15.5.10 NMAC.
7. Operator requests this amended ACOI to avoid sanctions for violating the Oil and Gas Act and 19.15.25 NMAC with respect to the Wells.

8. Operator admits the findings of fact and waives any right to appeal from this amended ACOI.

9. This agreement resolves the issues raised by OCD's August 2, 2022 Request for Verification of Compliance with ACOI-201880 (2020-01) and Demand for Payment of Civil and Stipulated Penalties.

## **II. ORDER**

10. No later than the dates listed on **Exhibit A**, and no later than December 31, 2024, 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 NMAC and file a C-103.

11. No later than the 15th day of each month following the entry of this ACOI, Operator shall file a report describing the action taken for each Well, separate from the required monthly C-115, and such other information as OCD may request for time to time. The report shall be sent by electronic mail to OCD's Administrative and Compliance Bureau, at [OCDAdminComp@emnrd.nm.gov](mailto:OCDAdminComp@emnrd.nm.gov).

12. Operator shall maintain sufficient financial assurance for the Wells under 19.15.8.9(C) NMAC.

13. If Operator fails to comply with a requirement of this amended ACOI for a well, the well shall be deemed to be out of compliance with the Oil and Gas Act and rules.

14. No later than November 18, 2022, EOR shall open an escrow account, in New Mexico, according to the following terms:

- a. EOR shall designate OCD as the beneficiary of the escrow account;
- b. EOR shall deposit \$50,000.00 into the escrow account;

- c. EOR shall not retain the ability to withdraw funds from the escrow account without the written agreement of the OCD. This restriction shall apply to any of EOR's agents, assigns, contractors, and successors in interest;
- d. No later than November 30, 2022, EOR shall provide documentation of the escrow account to the OCD, to include relevant account information, identification of the escrow agent, and a copy of the escrow agreement;
- e. The OCD may withdraw escrow funds from the account only for the purposes of OCD's plugging and abandonment, restoration, or remediation of wells identified in Exhibit A, or for reimbursement of expenses for the same, and at least 30 days after OCD notifies EOR in writing of its intent to withdraw funds;
- f. On December 31, 2023, EOR may request reimbursement from the escrow account in the amount of twenty five thousand dollars (\$25,000), if twenty four (24) wells identified on Exhibit A have been restored to production, plugged, or placed in TA status in compliance with OCD rules;
- g. The escrow account may be closed upon OCD written acknowledgment to escrow agent that EOR has fulfilled all of its obligations under this Order, or upon withdrawal of all remaining funds for the purposes set forth in paragraph 14(d). Any funds remaining in the account upon closure due to EOR's fulfillment of its obligations under this Order will be returned to EOR.

15. Should EOR fail to meet any deadline for plugging or fail to deposit the escrow payment set forth in paragraph 14 of this Order, OCD may immediately plug and abandon, restore, and/or remediate any of the wells identified in Exhibit A. EOR agrees that it will forfeit any

financial assurance associated with any well in Exhibit A which is plugged and abandoned, restored, or remediated by the OCD.

16. Operator may request, and OCD may grant, an extension of the deadlines set forth in this Agreement for good cause shown.

17. Operator shall not transfer a Well to another operator unless approved by OCD.

18. Notwithstanding the foregoing provisions, OCD reserves the right to apply for authorization to plug a Well and to forfeit the financial assurance if the Well poses an imminent threat to the public health or environment.

19. OCD reserves the right to sanction Operator for any alleged violation not addressed in this Order.

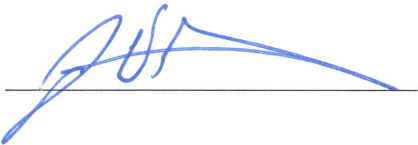
**NEW MEXICO OIL CONSERVATION DIVISION**



Director

Date: 11/10/22

**EOR OPERATING COMPANY**



Date: 11/9/22

Exhibit A			
Operator Name:	EOR Operating Co.		
Operator OGRID:			
ACOI submittal Date:			
COI Approval Date:			
Total Number of Non-Compliant Wells:	49		
Number of Wells per month brought into production or plugged:			
ACOI # : (Assigned by OCD)			
List of Noncompliant Wells			
API	Well Name/Number	Plug or Produce?	Date of plugging or production
30-041-00090	MILNESAND UNIT #032	PLUG	5/2023
30-041-00028	MILNESAND UNIT #121	PLUG	3/2024
30-041-00030	MILNESAND UNIT #123H	PLUG	5/2023
30-041-10017	MILNESAND UNIT #127	PLUG	12/2024
30-041-10018	MILNESAND UNIT #128	PRODUCE	12/2022
30-041-10044	MILNESAND UNIT #134	PLUG	5/2023
30-041-00245	MILNESAND UNIT #164	PLUG	3/2024
30-041-00131	MILNESAND UNIT #182	PLUG	12/2024
30-041-10194	MILNESAND UNIT #186	PRODUCE	5/2023
30-041-10057	MILNESAND UNIT #187	PLUG	5/2023
30-041-00083	MILNESAND UNIT #191	PLUG	3/2024
30-041-00084	MILNESAND UNIT #193	PLUG	3/2024
30-041-00032	MILNESAND UNIT #194	PRODUCE	2/2023
30-041-00140	MILNESAND UNIT #197	PRODUCE	2/2023
30-041-10181	MILNESAND UNIT #202	PLUG	3/2024
30-041-20892	MILNESAND UNIT #602	PRODUCE	2/2023
30-041-10102	HORTON FEDERAL #002	PRODUCE	5/2023
30-041-10103	HORTON FEDERAL #003	PRODUCE	5/2023
30-041-10104	HORTON FEDERAL #004	PLUG	3/2024
30-041-10129	HORTON FEDERAL #007	PRODUCE	2/2023
30-041-10111	HORTON FEDERAL #015	PRODUCE	2/2023
30-041-10116	HORTON FEDERAL #022	PLUG	12/2024
30-041-10119	HORTON FEDERAL #025	PLUG	12/2024
30-041-10121	HORTON FEDERAL #027	PLUG	12/2024
30-041-20756	HORTON FEDERAL #032	PLUG	12/2024
30-041-20757	HORTON FEDERAL #033	PRODUCE	2/2023
30-041-20705	HORTON FEDERAL #034	PRODUCE	12/2022
30-041-20753	HORTON FEDERAL #035	PLUG	3/2024
30-041-20754	HORTON FEDERAL #036	PRODUCE	5/2023

[illegible]

Date of Last Production	Financial Assurance Single well or Blanket bond?	Amount of Financial Assurance				
11/2018	Blanket Bond	\$500,000.00				
6/2011	Blanket Bond	\$500,000.00				
4/2014	Blanket Bond	\$500,000.00				
4/2019	Blanket Bond	\$500,000.00				
	Blanket Bond	\$500,000.00				
UNK	Blanket Bond	\$500,000.00				
UNK	Blanket Bond	\$500,000.00				
5/2015	Blanket Bond	\$500,000.00				
5/2019	Blanket Bond	\$500,000.00				
6/2005	Blanket Bond	\$500,000.00				
12/2007	Blanket Bond	\$500,000.00				
7/2003	Blanket Bond	\$500,000.00				
5/2019	Blanket Bond	\$500,000.00				
10/2019	Blanket Bond	\$500,000.00				
1/2003	Blanket Bond	\$500,000.00				
3/2019	Blanket Bond	\$500,000.00				
9/2018	Blanket Bond	BLM BOND				
6/2017	Blanket Bond	BLM BOND				
2/2009	Blanket Bond	BLM BOND				
1/2020	Blanket Bond	BLM BOND				
1/2020	Blanket Bond	BLM BOND				
4/2019	Blanket Bond	BLM BOND				
11/2008	Blanket Bond	BLM BOND				
1/2020	Blanket Bond	BLM BOND				
11/2008	Blanket Bond	BLM BOND				
9/2018	Blanket Bond	BLM BOND				
1/2020	Blanket Bond	BLM BOND				
10/2012	Blanket Bond	BLM BOND				
9/2017	Blanket Bond	BLM BOND				

[illegible]