

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

NMOCD – ACOI- 104

IN THE MATTER OF XTO ENERGY, INC.,

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 XTO ENERGY, INC. ("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 5380 for the wells identified in Exhibit "A," attached. Operator also operates wells under OGRID 167067.
4. The wells identified in Exhibit "A":
 - a. have been continuously inactive for a period of several months;
 - b. are not properly plugged and abandoned under OCD Rule 202 [19.15.4.202 NMAC]; and
 - c. have not been placed on approved 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.

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. 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 July 31, 2006 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 and filing a C-103 describing the completed work;
 - (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 constitute bringing the well into compliance.

2. Operator shall file a compliance report by July 31, 2006 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 to seek a waiver or reduction of the penalty. The Operator shall serve the Division's Compliance and Enforcement Manager with a copy of the application. If the Compliance and Enforcement Manager concurs with the request made in the application, the application may be granted administratively. If the Compliance and Enforcement Manager does not concur with the request made in the application, the matter shall be set for hearing. Once Operator pays the penalty or files an administrative application to waive or reduce 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

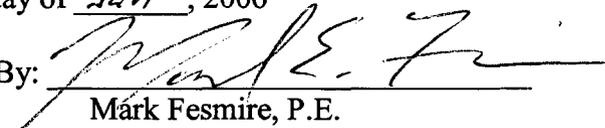
well into compliance. Operator X pays a \$4000 penalty. Although Operator X pays the \$4000 penalty, the OCD exercises its discretion and declines to issue an amendment to extend the terms of the agreed compliance order for an additional six-month period.

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 seeking a waiver or reduction of the \$7000 penalty. 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. Operator agreed to transfer all wells operated under OGRID 167067 to OGRID 5380 by July 31, 2006, and to operate all its wells under OGRID 5380.
8. 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 July 31, 2006, 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) agrees to transfer all wells operated under OGRID 167067 to OGRID 5380 by July 31, 2006, and to operate all its wells under OGRID 5380;
 - (f) 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; and
 - (g) agrees that the Order and amendments to the Order 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.

9. 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.
10. The Oil Conservation Division 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.
11. This Order is effective February 1, 2006.

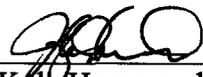
Done at Santa Fe, New Mexico this 30th day of Jan, 2006

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

ACCEPTANCE

XTO Energy, Inc. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

XTO Energy, Inc.

By: 
Kyle Hammond
Title: Vice President of Operations/
Permian Division
Date: January 24, 2006

XTO ENERGY INC.
AGREED COMPLIANCE ORDER
EXHIBIT "A" LIST

<u>API NUMBER</u>		<u>WELL NAME</u>	<u>WELL NUMBER</u>
30-025-	04887	ARNOTT RAMSAY NCT D	006
30-025-	04890	ARNOTT RAMSAY NCT D	009
30-025-	24189	ARROWHEAD GRAYBURG UNIT	114
30-025-	23939	ARROWHEAD GRAYBURG UNIT	115
30-025-	23995	ARROWHEAD GRAYBURG UNIT	116
30-025-	31247	ARROWHEAD GRAYBURG UNIT	131
30-025-	31633	ARROWHEAD GRAYBURG UNIT	144
30-025-	08735	ARROWHEAD GRAYBURG UNIT	172
30-025-	31559	ARROWHEAD GRAYBURG UNIT	178
30-025-	31710	ARROWHEAD GRAYBURG UNIT	239
30-025-	31535	ARROWHEAD GRAYBURG UNIT	241
30-025-	10358	ARROWHEAD GRAYBURG UNIT	246
30-025-	35543	ARROWHEAD GRAYBURG UNIT	337Y
30-015	25748	BAR 4 FEDERAL	001
30-025-	06274	BELL RAMSAY NCT B	003
30-025-	02035	BRIDGES STATE	060
30-025-	22526	BRIDGES STATE	126
30-025-	30320	DAURON	004
30-025-	10912	E E BLINEBRY A FEDERAL NCT-1 COM CT	002
30-025-	10909	E E BLINEBRY A FEDERAL NCT-1 COM CT	003
30-025-	05578	ELBERT SHIPP NCT B COM	002
30-025-	09508	EUGENE COATES	004
30-025-	09511	EUGENE COATES	007
30-025-	33024	EUMONT 16 STATE COM	001
30-025-	04331	EUNICE MONUMENT SOUTH UNIT	103
30-025-	04320	EUNICE MONUMENT SOUTH UNIT	107
30-025-	06284	EUNICE MONUMENT SOUTH UNIT	110
30-025-	06283	EUNICE MONUMENT SOUTH UNIT	111
30-025-	06282	EUNICE MONUMENT SOUTH UNIT	112
30-025-	06295	EUNICE MONUMENT SOUTH UNIT	115
30-025-	04327	EUNICE MONUMENT SOUTH UNIT	119
30-025-	29957	EUNICE MONUMENT SOUTH UNIT	123
30-025-	29819	EUNICE MONUMENT SOUTH UNIT	127
30-025-	29397	EUNICE MONUMENT SOUTH UNIT	129

XTO ENERGY INC.
AGREED COMPLIANCE ORDER
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<u>API NUMBER</u>		<u>WELL NAME</u>	<u>WELL NUMBER</u>
30-025-	06314	EUNICE MONUMENT SOUTH UNIT	133
30-025-	29910	EUNICE MONUMENT SOUTH UNIT	135
30-025-	29913	EUNICE MONUMENT SOUTH UNIT	147
30-025-	29394	EUNICE MONUMENT SOUTH UNIT	149
30-025-	06317	EUNICE MONUMENT SOUTH UNIT	151
30-025-	06311	EUNICE MONUMENT SOUTH UNIT	158
30-025-	06310	EUNICE MONUMENT SOUTH UNIT	159
30-025-	29395	EUNICE MONUMENT SOUTH UNIT	173
30-025-	06321	EUNICE MONUMENT SOUTH UNIT	175
30-025-	06323	EUNICE MONUMENT SOUTH UNIT	177
30-025-	04447	EUNICE MONUMENT SOUTH UNIT	179
30-025-	29866	EUNICE MONUMENT SOUTH UNIT	202
30-025-	04453	EUNICE MONUMENT SOUTH UNIT	204
30-025-	04469	EUNICE MONUMENT SOUTH UNIT	210
30-025-	04657	EUNICE MONUMENT SOUTH UNIT	218
30-025-	30225	EUNICE MONUMENT SOUTH UNIT	219
30-025-	04467	EUNICE MONUMENT SOUTH UNIT	229
30-025-	04458	EUNICE MONUMENT SOUTH UNIT	236
30-025-	04489	EUNICE MONUMENT SOUTH UNIT	241
30-025-	04519	EUNICE MONUMENT SOUTH UNIT	242
30-025-	04518	EUNICE MONUMENT SOUTH UNIT	243
30-025-	04521	EUNICE MONUMENT SOUTH UNIT	248
30-025-	04526	EUNICE MONUMENT SOUTH UNIT	250
30-025-	04496	EUNICE MONUMENT SOUTH UNIT	257
30-025-	04462	EUNICE MONUMENT SOUTH UNIT	259
30-025-	04459	EUNICE MONUMENT SOUTH UNIT	265
30-025-	04440	EUNICE MONUMENT SOUTH UNIT	267
30-025-	04610	EUNICE MONUMENT SOUTH UNIT	272
30-025-	04552	EUNICE MONUMENT SOUTH UNIT	288
30-025-	04542	EUNICE MONUMENT SOUTH UNIT	292
30-025-	08708	EUNICE MONUMENT SOUTH UNIT	307
30-025-	04617	EUNICE MONUMENT SOUTH UNIT	309
30-025-	04554	EUNICE MONUMENT SOUTH UNIT	324
30-025-	04546	EUNICE MONUMENT SOUTH UNIT	327

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<u>API NUMBER</u>		<u>WELL NAME</u>	<u>WELL NUMBER</u>	
30-025-	29576	EUNICE MONUMENT SOUTH UNIT	329	
30-025-	04550	EUNICE MONUMENT SOUTH UNIT	331	
30-025-	04547	EUNICE MONUMENT SOUTH UNIT	333	
30-025-	04558	EUNICE MONUMENT SOUTH UNIT	335	
30-025-	04565	EUNICE MONUMENT SOUTH UNIT	337	
30-025-	04576	EUNICE MONUMENT SOUTH UNIT	339	
30-025-	04580	EUNICE MONUMENT SOUTH UNIT	341	
30-025-	04661	EUNICE MONUMENT SOUTH UNIT	363	
30-025-	29966	EUNICE MONUMENT SOUTH UNIT	371	
30-025-	04682	EUNICE MONUMENT SOUTH UNIT	372	
30-025-	29837	EUNICE MONUMENT SOUTH UNIT	375	
30-025-	04631	EUNICE MONUMENT SOUTH UNIT	389	
30-025-	04692	EUNICE MONUMENT SOUTH UNIT	408	
30-025-	30281	EUNICE MONUMENT SOUTH UNIT	410	
30-025-	04671	EUNICE MONUMENT SOUTH UNIT	415	
30-025-	04691	EUNICE MONUMENT SOUTH UNIT	418	
30-025-	04695	EUNICE MONUMENT SOUTH UNIT	419	
30-025-	04666	EUNICE MONUMENT SOUTH UNIT	423	
30-025-	30452	EUNICE MONUMENT SOUTH UNIT	425	
30-025-	04735	EUNICE MONUMENT SOUTH UNIT	440	
30-025-	04752	EUNICE MONUMENT SOUTH UNIT	445	
30-025-	29149	EUNICE MONUMENT SOUTH UNIT	457	
30-025-	29622	EUNICE MONUMENT SOUTH UNIT	462	
*	30-025-	34824	EUNICE MONUMENT SOUTH UNIT	560 575
*	30-025-	33597 3546	EUNICE MONUMENT SOUTH UNIT	575 560
30-025-	31465	EUNICE MONUMENT SOUTH UNIT	626	
30-025-	34212	EUNICE MONUMENT SOUTH UNIT	640	
30-025-	34825	EUNICE MONUMENT SOUTH UNIT	710	
30-025-	34850	EUNICE MONUMENT SOUTH UNIT	711	
30-025-	30512	EUNICE MONUMENT SOUTH UNIT	643	
30-025-	04204	EUNICE MONUMENT SOUTH UNIT B	854	
30-025-	04256	EUNICE MONUMENT SOUTH UNIT B	869	
30-025-	04276	EUNICE MONUMENT SOUTH UNIT B	873	
30-025-	04269	EUNICE MONUMENT SOUTH UNIT B	876	

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<u>API NUMBER</u>		<u>WELL NAME</u>	<u>WELL NUMBER</u>
30-025-	04263	EUNICE MONUMENT SOUTH UNIT B	878
30-025-	04275	EUNICE MONUMENT SOUTH UNIT B	886
30-025-	04273	EUNICE MONUMENT SOUTH UNIT B	888
30-025-	26076	EUNICE MONUMENT SOUTH UNIT B	896
30-025-	04315	EUNICE MONUMENT SOUTH UNIT B	898
30-025-	04311	EUNICE MONUMENT SOUTH UNIT B	911
30-025-	04305	EUNICE MONUMENT SOUTH UNIT B	912
30-025-	04293	EUNICE MONUMENT SOUTH UNIT B	917
30-025-	31119	EUNICE MONUMENT SOUTH UNIT B	924
30-025-	32122	EUNICE MONUMENT SOUTH UNIT B	925
30-025-	06923	H T MATTERN NCT B	012
30-025-	10080	H T MATTERN NCT D	006
30-025-	25104	H T MATTERN NCT D	016
30-025-	08880	H T MATTERN NCT E	003
30-025-	08752	HARRY LEONARD NCT D	001
30-025-	08753	HARRY LEONARD NCT D	002
30-025-	08762	HARRY LEONARD NCT D	005
30-025-	08758	HARRY LEONARD NCT D	008
30-025-	08767	HARRY LEONARD NCT D	016
30-025-	04716	MEREDITH COM	003
30-025-	30063	MONSTATE	006
30-025-	34560	MONUMENT 36 STATE	001
30-025-	02319	NEW MEXICO BO STATE	002
30-025-	20176	NEW MEXICO BO STATE	007
30-025-	20530	NEW MEXICO BO STATE	008
30-025-	29386	NORTH VACUUM ABO EAST UNIT	015
30-025-	29391	NORTH VACUUM ABO EAST UNIT	020
30-025-	22942	NORTH VACUUM ABO UNIT	128
30-025-	23527	NORTH VACUUM ABO UNIT	137
30-025-	23720	NORTH VACUUM ABO UNIT	216
30-025-	28466	NORTH VACUUM ABO UNIT	238Y
30-015	28901	REMUDA BASIN 19 FED	002
30-015	31402	REMUDA BASIN STATE	013
30-025-	32908	SDE 19 FEDERAL	003

XTO ENERGY INC.
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<u>API NUMBER</u>		<u>WELL NAME</u>	<u>WELL NUMBER</u>
30-025-	32909	SDE 19 FEDERAL	004
30-025-	32868	SDE 31 FED	009
30-025-	08775	SEVEN RIVERS QUEEN WATERFLOOD, NORTH	001
30-025-	01545	SOUTHEAST MALJAMAR GB/SA UNIT	403
30-025-	26026	SOUTHEAST MALJAMAR GB/SA UNIT	410
30-025-	01550	SOUTHEAST MALJAMAR GB/SA UNIT	704
30-025-	31445	SOUTHEAST MALJAMAR GB/SA UNIT	907
30-025-	06133	STATE 1 COM	002
30-025-	01340	STATE BY	003
30-025-	26555	STATE BY	007
30-025-	30932	STATE H	003
30-025-	02066	STATE J	001
30-025-	02068	STATE J	003
30-025-	02069	STATE J	004
30-025-	23875	STATE J	006
30-025-	04260	STATE K COM	001
30-025-	30538	STATE SEC 17 COM	003
30-025-	25409	STATE XX COM	001
30-025-	35110	TEXMACK 5 STATE	002
30-025-	04915	W A RAMSAY NCT A	010
30-025-	04902	W A RAMSAY NCT A	038
30-025-	04772	W A RAMSAY NCT B	001
		<u>TOTAL NUMBER OF WELLS</u>	<u>158</u>

XTO Energy, Inc.

By: 

Date: January 24, 2006

Title: Kyle Hammond, Vice President of Operations/Permian Division