

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

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NMOCD – ACOI- 2016-011

IN THE MATTER OF DEVON ENERGY CORPORATION

INACTIVE WELL
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 rules, the Director of the Oil Conservation Division (OCD) and Devon Energy Corporation (Operator), enter into this Agreed Compliance Order (Order or ACOI) under which Operator agrees to the schedule and procedures provided in this Order for bringing its wells into compliance, and understands that the OCD may seek additional enforcement of this Order should the Operator fail to meet the deadlines established herein.

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 and is registered with the OCD under Oil and Gas Reporting Identification (OGRID) No. 6137.
3. Operator is the operator of record under OGRID 6137 for the wells identified in Exhibit “A”, attached.
4. 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:
...
(3) a period of one year in which a well has been continuously inactive.”
5. The wells identified in Exhibit “A”
 - a. have been (or soon will be) continuously inactive for a period of one year plus 90 days;
 - b. are not plugged or abandoned in accordance with 19.15.25.9 NMAC through 19.15.25.11 NMAC; and

- c. are not in approved temporary abandonment status in accordance with 19.15.25.12 NMAC through 19.15.25.14 NMAC.
6. *(Use only if they have enough wells not in compliance with 19.15.25.8 NMAC to be out of compliance with 19.15.5.9 NMAC)* As the operator of record of _____ wells, to be in compliance with 19.15.5.9.A(4) NMAC, Operator may have no more than _____ wells out of compliance with 19.15.25.8 NMAC. See 19.15.5.9.A(4) NMAC.
7. Pursuant to 19.15.5.10.E NMAC, the OCD and Operator wish to enter into this ACOI to resolve violations of the Act and its rules.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. The wells identified in Exhibit "A" are out of compliance, or soon will be out of compliance, with 19.15.25.8 NMAC.
3. As Operator of the wells identified in Exhibit "A", Operator is responsible for bringing those wells into compliance with 19.15.25.8 NMAC.
4. The OCD and Operator are entering into this ACOI, which sets a schedule for Operator to return the wells identified in Exhibit "A" to compliance.

ORDER

1. Operator agrees to bring the wells listed in Exhibit "A" into compliance with 19.15.25.8 NMAC within 36 months following the date the well became inactive as defined by 19.15.25.8 NMAC, and is provided in Exhibit "A", by either:
 - 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 well to be plugged and abandoned in accordance with 19.15.25.10 NMAC and filing the C-105 as provided in 19.15.25.11 NMAC;
 - c. or placing the well in approved temporary abandonment pursuant to 15.15.25 NMAC.
2. Operator also agrees that it will perform a test for each well on Exhibit "A" one year from the effective date of this Order, and then again two years from the effective date of this Order for each well in Exhibit "A", and shall provide results of each test to OCD's Enforcement and Compliance Manager at 1220 S. St. Francis Drive, Santa Fe, NM 87505 within 30 days of completion of the test.
3. If Operator has additional wells that become out of compliance, or will soon be out of compliance, with 19.15.25.8 NMAC, Exhibit "A" may be amended to include such wells if the OCD approves the amendment. For the additional wells, Operator

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shall conduct the tests required in Ordering Paragraph 2 above on or before the dates specified in Exhibit "A".

4. If the Operator returns a well to compliance with 19.15.25.8 NMAC the well shall no longer be considered part of Exhibit "A".
5. Operator shall file a compliance report identifying each well returned to compliance, stating the date it was returned to compliance, and describing the work performed to return the well to compliance, in addition to any other forms or documentation required by OCD rules for the work performed. The written compliance report must be mailed to the attention of OCD's Enforcement and Compliance Manager and to the Office of General Counsel at 1220 S. St. Francis Drive, Santa Fe, NM 87505, so that it is **received within 10 business days** after return to compliance.
6. By signing this Order, Operator expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to meet the deadlines established in Ordering Paragraphs 1 through 5 above;
 - c. agrees to perform the tests and submit test results as required in Ordering Paragraph 2;
 - d. agrees to submit compliance reports as required in Ordering Paragraph 5;
 - e. waives any right, pursuant to the Oil and Gas Act to an appeal from this Order, or to a hearing either prior to or subsequent to the entry of this Order regarding the matters resolved hereby; and
 - f. 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.
7. Operator understands that if it fails to meet the terms of this Order, the OCD may seek enforcement pursuant to the New Mexico Oil and Gas Act, including monetary penalties as authorized under NMSA 1978, § 70-2-31.
8. If a well poses a risk relating to the conservation of oil and gas or the protection of public health and the environment, the OCD reserves the right to file an application for hearing to require Operator to plug any well identified in Exhibit "A", or if the Operator fails to plug the well to obtain authority to plug the well and forfeit the applicable financial assurance.

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9. Operator understands and agrees that, except as expressly provided in this Order, nothing in this Order exempts Operator from complying with all statutes, rules, and orders Operator is otherwise subject to, and the failure to comply with any applicable statute(s), rule(s), and/or order(s) may result in OCD pursuing any remedies available under the law. Further, Operator's failure to comply with other applicable statute(s), rule(s), and/or order(s) may, in OCD's sole discretion, result in termination of this Order.

Done at Santa Fe, New Mexico this 8th day of June, 2016

By: David Catanach
David Catanach
Director, Oil Conservation Division

ACCEPTANCE

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

By: Andrea Miles
(Please print name) ANDREA MILES
Title: REGULATORY MANAGER
Date: 6/3/2016

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EXHIBIT "A"

DEVON ENERGY PRODUCTION COMPANY, L.P. - NEW MEXICO SHUT IN WELLS								
API #	WELL NAME / #	LEASE TYPE	WELL TYPE	LAST PROD DAY	15 MO SINCE LAST PROD	1st TEST	2nd TEST	3 YR + 15 MONTH SINCE LAST PROD
30-015-25189	BURTON FLAT DEEP UNIT #038	S	O	11/10/2015	2/10/2017	6/6/2017	6/6/2018	2/10/2020
30-025-42311	COBBER 21 FEDERAL #001H	F	O	12/24/2015	3/24/2017	6/6/2017	6/6/2018	3/24/2020
30-025-40583	COTTON DRAW 32 STATE FEDERAL COM #001H	F	O	12/8/2015	3/8/2017	6/6/2017	6/6/2018	3/8/2020
30-015-39517	COTTON DRAW UNIT #113H	S	O	12/10/2015	3/10/2017	6/6/2017	6/6/2018	3/10/2020
30-015-38536	COTTON DRAW UNIT #150H	F	O	12/9/2015	3/9/2017	6/6/2017	6/6/2018	3/9/2020
30-015-38610	COTTON DRAW UNIT #151H	F	O	12/8/2015	3/8/2017	6/6/2017	6/6/2018	3/8/2020
30-015-38952	COTTON DRAW UNIT #154H	F	O	12/12/2015	3/12/2017	6/6/2017	6/6/2018	3/12/2020
30-015-39729	COTTON DRAW UNIT #158H	F	O	12/13/2015	3/13/2017	6/6/2017	6/6/2018	3/13/2020
30-015-38433	COTTON DRAW UNIT #161H	S	O	11/23/2015	2/23/2017	6/6/2017	6/6/2018	2/23/2020
30-015-39730	COTTON DRAW UNIT #162H	F	O	12/10/2015	3/10/2017	6/6/2017	6/6/2018	3/10/2020
30-015-29625	H B 11 FEDERAL #004	F	O	7/2/2015	10/2/2016	6/6/2017	6/6/2018	10/2/2019
30-015-32606	H B 11 FEDERAL #007	F	O	7/2/2015	10/2/2016	6/6/2017	6/6/2018	10/2/2019
30-025-28679	LYNX FEDERAL #005	F	O	12/8/2015	3/8/2017	6/6/2017	6/6/2018	3/8/2020
30-025-41434	MEAN GREEN 22 FEDERAL #001H	F	O	12/21/2015	3/21/2017	6/6/2017	6/6/2018	3/21/2020
30-025-41433	MEAN GREEN 27 FEDERAL #001	F	O	12/24/2015	3/24/2017	6/6/2017	6/6/2018	3/24/2020
30-025-32613	MESA VERDE 6 FEDERAL #007	F	O	12/22/2015	3/22/2017	6/6/2017	6/6/2018	3/22/2020
30-025-32614	MESA VERDE 6 FEDERAL #008	F	O	11/10/2015	2/10/2017	6/6/2017	6/6/2018	2/10/2020
30-025-39444	MESA VERDE 7 FEDERAL #003	F	O	9/8/2015	12/8/2016	6/6/2017	6/6/2018	12/8/2019
30-015-28963	ORE IDA 14 FEDERAL #004	F	O	6/22/2015	9/22/2016	6/6/2017	6/6/2018	9/22/2019
30-015-29278	ORE IDA 14 FEDERAL #009	F	O	6/22/2015	9/22/2016	6/6/2017	6/6/2018	9/22/2019
30-015-30521	PECOS RIVER 6H FEDERAL #001	F	G	6/16/2015	9/16/2016	6/6/2017	6/6/2018	9/16/2019
30-015-27501	PURE GOLD C-17 FEDERAL #013	F	O	9/30/2015	12/30/2016	6/6/2017	6/6/2018	12/30/2019
30-025-36359	RIO BLANCO 33 FEDERAL #001	F	O	9/12/2015	12/12/2016	6/6/2017	6/6/2018	12/12/2019
30-025-36302	RIO BLANCO 9 STATE #001	S	G	11/3/2014	2/3/2016	6/6/2017	6/6/2018	2/3/2019
30-015-36084	RUSTLER HILLS 5 FEDERAL #002	F	O	10/23/2015	1/23/2017	6/6/2017	6/6/2018	1/23/2020
30-025-34767	THISTLE UNIT #006	S	G	11/18/2015	2/18/2017	6/6/2017	6/6/2018	2/18/2020
30-015-27860	TODD 13 N FEDERAL #014	F	O	12/3/2015	3/3/2017	6/6/2017	6/6/2018	3/3/2020
30-015-28648	TODD 13 P FEDERAL #016	F	O	11/30/2015	2/28/2017	6/6/2017	6/6/2018	2/28/2020
30-015-33104	TODD 15 B FEDERAL #002	F	O	7/5/2015	10/5/2016	6/6/2017	6/6/2018	10/5/2019
30-015-32765	TODD 15 C FEDERAL #003	F	O	7/5/2015	10/5/2016	6/6/2017	6/6/2018	10/5/2019
30-015-33105	TODD 15 F FEDERAL #006	F	O	7/5/2015	10/5/2016	6/6/2017	6/6/2018	10/5/2019

30-015-37649	TODD 15 H FEDERAL #008	F	O	7/5/2015	10/5/2016	6/6/2017	6/6/2018	10/5/2019
30-015-33106	TODD 15 J FEDERAL #010	F	O	7/5/2015	10/5/2016	6/6/2017	6/6/2018	10/5/2019
30-015-32154	TODD 15 K FEDERAL #011	F	O	7/5/2015	10/5/2016	6/6/2017	6/6/2018	10/5/2019
30-015-32203	TODD 22 B FEDERAL #002	F	O	10/30/2015	1/30/2017	6/6/2017	6/6/2018	1/30/2020
30-015-32629	TODD 23 C FEDERAL #018	F	O	9/21/2015	12/21/2016	6/6/2017	6/6/2018	12/21/2019
30-015-28342	TODD 23 P FEDERAL #015	F	O	11/13/2015	2/13/2017	6/6/2017	6/6/2018	2/13/2020
30-015-27104	TODD 26 N FEDERAL #014	F	O	11/1/2015	2/1/2017	6/6/2017	6/6/2018	2/1/2020
30-015-34186	TODD 27 N FEDERAL #014	F	O	8/19/2015	11/19/2016	6/6/2017	6/6/2018	11/19/2019
30-015-27365	TODD 36 D STATE #002	S	O	12/8/2015	3/8/2017	6/6/2017	6/6/2018	3/8/2020
30-015-28520	TODD 36 F STATE #006	S	O	11/15/2015	2/15/2017	6/6/2017	6/6/2018	2/15/2020
30-025-35145	TOMCAT 20 FEDERAL #003	F	O	12/15/2015	3/15/2017	6/6/2017	6/6/2018	3/15/2020
30-025-33356	TOMCAT 21 FEDERAL #001	F	G	12/30/2015	3/30/2017	6/6/2017	6/6/2018	3/30/2020
30-025-32041	TRESNOR FEDERAL #002	F	O	12/6/2015	3/6/2017	6/6/2017	6/6/2018	3/6/2020
30-015-27400	UNION 35 FEDERAL #003	F	O	10/13/2015	1/13/2017	6/6/2017	6/6/2018	1/13/2020
30-015-27431	UNION 35 FEDERAL #004	F	O	12/8/2015	3/8/2017	6/6/2017	6/6/2018	3/8/2020
30-015-27435	UNION 35 FEDERAL #005	F	O	8/24/2015	11/24/2016	6/6/2017	6/6/2018	11/24/2019
30-025-33508	WEST CORBIN 19 FEDERAL #002	F	O	10/26/2015	1/26/2017	6/6/2017	6/6/2018	1/26/2020

Exhibit "A" to Agreed Compliance Order for DEVON ENERGY PRODUCTION COMPANY, L.P.

Shut-In, Inactive wells:


 By: **ANDREA MILES**
 Title: **REGULATORY MANAGER**