

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



May 23, 2019

XTO Energy, Inc.
ATTN: Patty Edens
6401 Holiday Hill Road, Building 5
Midland, TX 79705

Re: ACOI No. 361-A
Operator: XTO Energy, Inc.; OGRID No. 5380

Dear Operator:

Thank you for returning the signed agreed compliance order regarding inactive wells operated by XTO Energy, Inc. (XTO). Enclosed is a copy of the fully executed order.

The Order requires XTO to bring 10 of the wells identified in the Order into compliance with Rule 19.15.4.201 NMAC (Rule 201) by **November 8, 2019**. Please remember that to bring a well into compliance under the order, XTO must not only plug the wellbore, place the well on approved temporary abandonment, or return it to production or other beneficial use, XTO must also file the appropriate paperwork. For example, if XTO plugs the wellbore of a well, it must also file a C-103 subsequent report on the plugging. You may wish to confirm the status of each well on the list with the appropriate district office prior to the expiration of the Order.

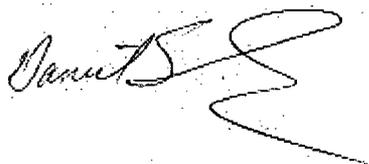
The Order also requires XTO to file a compliance report with the Oil Conservation Division (OCD) Compliance and Enforcement Manager, Daniel Sanchez, by **November 8, 2019**. This means **the compliance report must be received by the OCD by November 8, 2019**. I will review the report to determine whether the wells have been returned to compliance. If you have questions about how to file a compliance report, please contact me at (505) 476-3493.

As XTO works to fulfill its obligations under the order, it should also monitor the status of its other wells to ensure that wells do not remain inactive for a period exceeding 15 months. Remember that you can search the OCD's Inactive Well List for wells that are inactive, but not yet out of compliance.

The OCD appreciates XTO's commitment to bringing its inactive wells into compliance. If you have any questions, or if I can help you in any way, please do not hesitate to call. My email address is daniel.sanchez@state.nm.us.

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Sincerely yours,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", with a large, stylized flourish extending from the end of the signature.

Daniel Sanchez
NMOCD Compliance & Enforcement Manager

Encl. ACOI No. 361-A

CC: Leslie Rickman, OCD District I Supervisor
Michael Bratcher, OCD District II Supervisor
Brandon Powell, OCD District III Supervisor
Will Jones, OCD District IV Supervisor

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

NMOCD – ACOI- 361-A

IN THE MATTER OF XTO ENERGY, INC.

Respondent.

**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 Rule 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and **XTO Energy, Inc.** ("Operator") enter into this Inactive Well Agreed Compliance Order ("Order" or "ACOI"). Operator agrees to plug, place on approved temporary abandonment status, or restore to production or other beneficial use the wells identified herein in accordance with the following agreed schedule and procedures, or face the possibility of no further agreed compliance orders. See 19.15.25.8 NMAC

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.
4. 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:

....

....

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

5. The wells identified in Exhibit "A"

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- (a) have been continuously inactive for a period of one year plus 90 days;
 - (b) are not plugged or abandoned in accordance with OCD Rule 19.15.25.9 NMAC through 19.15.25.11 NMAC; and
 - (c) are not on approved temporary abandonment status in accordance with OCD Rule 19.15.25.12 NMAC through 19.15.25.14 NMAC.
6. An operator faces sanctions if it is out of compliance with OCD Rule 19.15.5.9 NMAC. Sanctions include possible denial of registration by operator or certain related entities (OCD Rule 19.15.9.8B NMAC), possible denial of change of operator that would transfer wells to the noncompliant operator (OCD Rule 19.15.9.9C.1 NMAC), mandatory denial of injection permits (OCD Rule 19.15.26.8A NMAC), possible revocation of injection permits after notice and hearing (OCD Rule 19.15.26.8A NMAC), possible denial of applications for a drilling permit (OCD Rule 19.15.14.10A NMAC), and mandatory denial of allowable and authorization to transport (OCD Rule 19.15.16.19A NMAC).
7. Operator is not currently out of compliance with OCD Rule 19.15.5.9.A(4) NMAC.
8. As the operator of record of **1152** wells, to be in compliance with OCD Rule 19.15.5.9.A(4) NMAC, Operator may have no more than **10** wells out of compliance with OCD Rule 19.15.25.8 NMAC (inactive well rule). See OCD Rule 19.15.5.9A(4)(b) NMAC. According to the inactive well list kept pursuant to OCD Rule 19.15.5.9(F) NMAC, Operator has or will have **25** wells out of compliance as of **May 22, 2019**. The Operator's inactive well list, dated **May 1, 2019** is attached as Exhibit "A." This list includes wells that are currently covered under ACOI-361. Operator could face sanctions for being out of compliance with OCD Rule 19.15.5.9 NMAC.
9. Operator intends to seek privileges from the OCD that would be subject to sanction if the Operator were to be out of compliance with OCD Rule 19.15.5.9 NMAC. By placing the wells identified in Exhibit "A" under this Order, Operator will not face sanctions for being out of compliance with OCD Rule 19.15.5.9 NMAC.

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 will be out of compliance with OCD Rule 19.15.25.8 NMAC.

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3. As operator of the wells identified in Exhibit "A," Operator is responsible for bringing those wells into compliance with OCD Rule 19.15.25.8 NMAC.
4. The OCD and Operator enter into this Order to remove the wells identified in Exhibit "A" from the inactive well list kept pursuant to OCD Rule 19.15.5.9(F) NMAC and consideration of Operator's compliance with the inactive well rule for purposes of Operator's compliance with OCD Rule 19.15.5.9 NMAC. Operator remains subject to sanctions for being out of compliance with OCD Rule 19.15.5.9 NMAC IF Operator becomes out of compliance with OCD Rule 19.15.5.9 NMAC for any reason other than the inactive wells identified in Exhibit "A."

ORDER

1. Operator agrees to bring **10** wells identified in Exhibit "A" into compliance with OCD Rule 19.15.25.8 NMAC by **November 8, 2019** via
 - (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 19.15.25.10(B) NMAC **and filing a C-103 describing the completed work;** or
 - (c) placing the well on approved temporary abandonment status in accordance with OCD Rule 19.15.25.12 NMAC through 19.15.25.14 NMAC.
2. **Prior to completing the term of this agreement, the operator agrees to provide a comprehensive plan, acceptable to the division, as to how it will address the remaining inactive wells on Exhibit "A". Failure to provide such a plan may result in the division denying future amendments to this agreement.** Oil and gas produced during swabbing does not count as production for purposes of this Order.
3. Operator shall file a **monthly** compliance report, **due on the last day of each month**, 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.) Transfer of a well identified on Exhibit "A" to another operator does not count towards Operator's obligation to return wells to compliance under the terms of this Order, but does reduce the total number of wells for which Operator is responsible under the terms of this Order. The final written compliance report must be mailed or e-mailed to the OCD's Enforcement and Compliance Manager and to the OCD attorney in charge of inactive well agreed compliance orders so that it is **received by** the compliance deadline of **November 8, 2019**. The total length of this Agreed Compliance Order is six months.

4. 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. **If any more wells become inactive during the duration of this ACOI or the operator is in any other way in violation of OCD Rule 19.15.5.9 NMAC, this ACOI may terminate, at the sole discretion of the Division.**

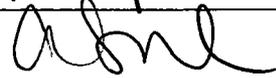
5. This Order shall expire on **December 8, 2019**. At that time, any wells on Exhibit "A" not in compliance with OCD Rule 19.15.25.8 NMAC will appear on the inactive well list kept pursuant to OCD Rule 19.15.5.9(F) NMAC, and will be considered when determining Operator's compliance with OCD Rule 19.15.5.9 NMAC.

6. 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 **10** wells identified in Exhibit "A" by **November 8, 2019**;
 - (c) agrees to submit a compliance report as required in Ordering Paragraph 3 by the **November 8, 2019** 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 other than a hearing on a request for waiver; 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.

7. This Order applies only to the enforcement of OCD Rule 19.15.25.8 NMAC against those wells identified in Exhibit "A." 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. Wells identified in Exhibit "A" that are out of compliance with the Oil and Gas Act or OCD Rules other than OCD Rule 19.15.25.8 NMAC may be subject to immediate enforcement action under the Oil and Gas Act and OCD Rules.

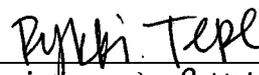
8. The OCD reserves the right to file an application for hearing to obtain authority to plug any well identified in Exhibit "A" and forfeit the applicable financial assurance if the well poses an immediate environmental threat.

Done at Santa Fe, New Mexico this 23 day of May, 2019

By: 
Adrienne Sandoval
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.

By: 
(Please print name) Rycki Tepe
Title: Engineering Manager
Date: 05/07/2019

Inactive Well List

Total Well Count: 1152 Inactive Well Count: 60 (should be 46)

Printed On: Thursday, May 02 2019

API	Well	BLSTR	OCD Unit	Ogcid	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status
1	30-025-31723	ARROWHEAD GRAYBURG UNIT #188	D-12-22S-36E	D	5380	XTO ENERGY, INC	O	Oct-17	GRAYBURG	
1	30-025-31752	ARROWHEAD GRAYBURG UNIT #200	J-07-22S-37E	J	5380	XTO ENERGY, INC	O	Jul-18	GRAYBURG	
3	30-045-29190	BLACK HILLS #001	M-25-26N-13W	M	5380	XTO ENERGY, INC	N	May-17	BASIN FRT COAL	
2	30-015-40797	BLACKBART 15 FEDERAL #002H	O-15-25S-29E	O	5380	XTO ENERGY, INC	O	Jan-18	BONE SPRING	
3	30-045-26252	CHAVEZ GAS COM F #001	J-23-29N-10W	J	5380	XTO ENERGY, INC	P	May-17	OTERO CHACRA	
2	30-015-37588	ELK WALLOW 11 STATE #001H	D-11-25S-29E	D	5380	XTO ENERGY, INC	O	Oct-17	BONE SPRING	
2	30-015-38388	ELK WALLOW 11 STATE #005	I-11-25S-29E	I	5380	XTO ENERGY, INC	S	Feb-18	BONE SPRING SPUD 04/26/11	
1	30-025-04495	EUNICE MONUMENT SOUTH UNIT #256	O-05-21S-36E	O	5380	XTO ENERGY, INC	O	Mar-18	GRAYBURG	
1	30-025-04454	EUNICE MONUMENT SOUTH UNIT #262H	M-03-21S-36E	M	5380	XTO ENERGY, INC	O	Feb-18	RE ENTRY 06/14/2012	T
1	30-025-20133	EUNICE MONUMENT SOUTH UNIT #278	A-09-21S-36E	A	5380	XTO ENERGY, INC	P	Dec-17	GRAYBURG SAN ANDRES	
1	30-025-08707	EUNICE MONUMENT SOUTH UNIT #289	I-07-21S-36E	D	5380	XTO ENERGY, INC	O	Jun-18	GB-SA TA EXPIRES 08/4/13 RWTP 8/6/13	
1	30-025-04622	EUNICE MONUMENT SOUTH UNIT #351	M-12-21S-36E	M	5380	XTO ENERGY, INC	O	Nov-17		
1	30-025-04685	EUNICE MONUMENT SOUTH UNIT #374	F-18-21S-36E	F	5380	XTO ENERGY, INC	I	Jun-18		
1	30-025-29837	EUNICE MONUMENT SOUTH UNIT #375	G-18-21S-36E	G	5380	XTO ENERGY, INC	O	Mar-18	INT TO ADD PERFS BLM 12/21/2011	T
1	30-025-35462	EUNICE MONUMENT SOUTH UNIT #562	N-31-20S-37E	N	5380	XTO ENERGY, INC	O	Apr-18	GRAYBURG-SAN ANDRES	
1	30-025-31465	EUNICE MONUMENT SOUTH UNIT #626	14-04-21S-36E	F	5380	XTO ENERGY, INC	O	Jun-18	GRAYBURG 07/22/08 INT TO REACTIVATE	
1	30-025-04276	EUNICE MONUMENT SOUTH UNIT B #873	D-14-20S-36E	D	5380	XTO ENERGY, INC	O	Mar-18	TA EXPIRES 02/01/08	T
1	30-025-04263	EUNICE MONUMENT SOUTH UNIT B #878	H-14-20S-36E	H	5380	XTO ENERGY, INC	O	Mar-18	GSA - RET TO PROD BY 09/01/08 BLM	
1	30-025-04314	EUNICE MONUMENT SOUTH UNIT B #909	G-24-20S-36E	G	5380	XTO ENERGY, INC	O	May-18		
1	30-025-04303	EUNICE MONUMENT SOUTH UNIT B #919	N-23-20S-36E	N	5380	XTO ENERGY, INC	O	Jan-18	EUNICE MONT INT TO PLUGBACK/QN 11/1/08	

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1	30-025-04304	EUNICE MONUMENT SOUTH UNIT B #923	N-24-20S-36E	N	5380	XTO ENERGY, INC	O	Mar-18	REV 10/00	T
1	30-025-07008	F F HARDISON B #001	H-34-21S-37E	H	5380	XTO ENERGY, INC	G	Feb-18	BLINEBRY	
3	30-045-21317	GALLEGOS #008	M-34-26N-11W	M	5380	XTO ENERGY, INC	N G	May-18	BASIN FRT COAL (BASIN DAK ZA)	
1	30-025-31345	GRAHAM STATE NCT C COM #011	P-25-19S-36E	P	5380	XTO ENERGY, INC	G	Feb-18		
1	30-025-25081	H T MATTERN NCT D #014	C-07-22S-37E	C	5380	XTO ENERGY, INC	P O	Apr-18	DRINKARD/TUBB/BLINEBRY	
3	30-045-34140	IRISH #001	C-22-25N-10W	C	5380	XTO ENERGY, INC	G	Mar-18	BASIN DK P&A 7-9-09; BASIN FC	
2	30-015-37949	MESCAL 22 FEDERAL #002H	P-22-25S-29E	P	5380	XTO ENERGY, INC	O	Jul-17	BONE SPRING DHC-4598	
2	30-015-40929	MESCAL 22 FEDERAL #003H	A-22-25S-29E	A	5380	XTO ENERGY, INC	O	Jan-18	BONE SPRING	
2	30-015-21781	NASH UNIT #003	K-12-23S-29E	K	5380	XTO ENERGY, INC	F G	May-18		T
2	30-015-29737	NASH UNIT #038	N-13-23S-29E	N	5380	XTO ENERGY, INC	O	May-18	INT TO P&A APVD 7-26-13 / BLM	
3	30-045-30099	NAVAJO 26 #001	L-26-29N-14W	L	5380	XTO ENERGY, INC	N G	May-18	BASIN FR COAL/W KUTZ PC	
3	30-045-30521	NAVAJO 34 #001	A-34-29N-14W	A	5380	XTO ENERGY, INC	I G	May-17	FC/W KUTZ PC EX/ AZT 1317	
1	30-025-30571	NEW MEXICO STATE #027	I-26-21S-36E	I	5380	XTO ENERGY, INC	O	Feb-18	EUMONT YATES 7RQ	
1	30-025-09970	NEW MEXICO STATE #021	L-02-22S-37E	L	5380	XTO ENERGY, INC	G	Feb-18	BLINEBRY	
1	30-025-25276	NEW MEXICO STATE #029	L-02-22S-37E	L	5380	XTO ENERGY, INC	O	Jun-18		
1	30-025-25277	NEW MEXICO STATE #032	G-02-22S-37E	G	5380	XTO ENERGY, INC	O	Mar-18		
1	30-025-25456	NEW MEXICO STATE #036	2-02-22S-37E	B	5380	XTO ENERGY, INC	G	Jul-18		
1	30-025-25457	NEW MEXICO STATE #037	3-02-22S-37E	C	5380	XTO ENERGY, INC	O	Jul-18		
3	30-045-31616	NV HAROLD 26 #001	G-26-29N-14W	G	5380	XTO ENERGY, INC	N G	Jun-17	BASIN FT COAL/W KUTZ PC	
3	30-045-33433	NV KYLE 23 #003	M-23-29N-14W	M	5380	XTO ENERGY, INC	N G	May-17	BASIN FRUIT COAL/W KUTZ PC	
3	30-045-31294	NV NAVAJO 15 #004	W01-15-29N-14	J	5380	XTO ENERGY, INC	N G	May-17	BASIN FRUITLAND COAL/W KUTZ PC	
3	30-045-31275	NV NAVAJO 20 #003	K-20-29N-14W	K	5380	XTO ENERGY, INC	G	May-17	FC/ RTP 2-22-11	
3	30-045-31041	NV NAVAJO 21 #004	I-21-29N-14W	I	5380	XTO ENERGY, INC	G	May-17	W KUTZ PC/FC/ RTP 3-8-11	
3	30-045-31775	NV NAVAJO 22 #001	B-22-29N-14W	B	5380	XTO ENERGY, INC	N G	May-17	BASIN FRUITLAND COAL/W KUTZ PC	
3	30-045-31423	NV NAVAJO 24 #003	N-24-29N-14W	N	5380	XTO ENERGY, INC	I G	May-17	FC/W KUTZ PC/ RTP 3-8-11	
3	30-045-31424	NV NAVAJO 24 #004	O-24-29N-14W	O	5380	XTO ENERGY, INC	N G	May-17	BASIN FRUITLAND COAL/W KUTZ PC	
3	30-045-31039	NV NAVAJO 34 #002	C-34-29N-14W	C	5380	XTO ENERGY, INC	N G	May-17	W KUTZ PC/BASIN FRT COAL AZT-2418	
3	30-045-31193	NV NAVAJO 35 #001	A-35-29N-14W	A	5380	XTO ENERGY, INC	G	Mar-18	BASIN FRUITLAND COAL/W KUTZ PC	
3	30-045-31437	NV NAVAJO 35 #002	C-35-29N-14W	C	5380	XTO ENERGY, INC	N G	Jun-17	FC/W KUTZ PC/ RTP 3-8-11	

3	30-045-31192	NV NAVAJO 35 #003	M-35-29N-14W	M	5380	XTO ENERGY, INC	G	Mar-18	BASIN FRUITLAND COAL/W KUTZ PC
3	30-045-31436	NV PATRICIA 26 #002	F-26-29N-14W	E	5380	XTO ENERGY, INC	G	Mar-18	BASIN FT COAL/W KUTZ PC
2	30-015-36776	PATRON 23 FEDERAL #001H	D-23-25S-29E	D	5380	XTO ENERGY, INC	O	Dec-15	CORRAL DRAW BONE SPRING
2	30-015-25767	PICKETT DRAW FEDERAL #001	C-09-25S-29E	C	5380	XTO ENERGY, INC	G	Jan-18	BONE SPRING
2	30-015-28398	REMUDA BASIN 19 FEE #001	C-19-23S-30E	C	5380	XTO ENERGY, INC	O	Jul-18	BRUSHY CANYON
2	30-015-31511	REMUDA BASIN 24 STATE #001	N-24-23S-29E	N	5380	XTO ENERGY, INC	G	Jul-18	WILDCAT WOLFCAMP GAS
2	30-015-31575	ROSS DRAW 25 FEDERAL COM #001	D-25-26S-29E	D	5380	XTO ENERGY, INC	G	Mar-18	BRUSHY DRAW WOLFCAMP N
1	30-025-08776	SEVEN RIVERS QUEEN WATERFLOOD, NORTH #007	J-04-22S-36E	J	5380	XTO ENERGY, INC	O	Mar-18	SEVEN RIVERS QUEEN
2	30-015-37836	SHOWSTOPPER 17 FEDERAL COM #009H	P-17-25S-29E	P	5380	XTO ENERGY, INC	O	Jan-18	BONE SPRING SPUD 01/16/11
3	30-045-30317	WF NAVAJO 23 #001	H-23-29N-14W	H	5380	XTO ENERGY, INC	N G	May-17	W KUTZ PC/ BASIN FRUITLAND COAL
2	30-015-24566	YATES C FEDERAL #031	J-05-21S-27E	J	5380	XTO ENERGY, INC	G	Feb-18	ATOKA

1	30-025-05762	B V CULP NCT B #1	J-31-19S-37E	O	5380	XTO ENERGY, INC	O	ATOKA	10/6/19
1	30-025-04427	EUNICE MONUMENT SOUTH UNIT #165	L-36-20S-36E	O	5380	XTO ENERGY, INC	O		8/8/2019
1	30-025-37318	EUNICE MONUMENT SOUTH UNIT #577	B-06-21S-36E	O	5380	XTO ENERGY, INC	O		8/8/2019
1	30-025-37321	EUNICE MONUMENT SOUTH UNIT #713	O-09-21S-36E	O	5380	XTO ENERGY, INC	O		10/6/2019

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