

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

NMOCD – ACOI-157

**IN THE MATTER OF HAL J. RASMUSSEN OPERATING 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 Hal J. Rasmussen Operating 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 202 [19.15.4.202 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 9809 of the following wells located in New Mexico:
  - Kaiser State #008 30-025-02537
  - Kaiser State #041 30-025-02546
  - Phillips State #001 30-025-02549
  - Valero State #001 30-025-02553
  - State A #001 30-025-02557
  - State B #001 30-025-02563
  - San Simon #001 30-025-28495
  - Gulf Cookie State #001 30-025-23964
  - Gulf Cookie State #002 30-025-24073
  - Shell State #004 30-025-03422
  - Shell State #001 30-025-03424
  - Shell State #007 30-025-03427
  - Shell State #008 30-025-03428
  - Shell State #014 30-025-03431
  - Wilson A State #002 30-025-03433

- Wilson A State #001 30-025-03436
- State JCT #001 30-025-10748
- Mobil State #001 30-025-21747

4. OCD Rule 202.B [19.15.4.202.B NMAC] states, in relevant part:

“(3) As soon as practical but no later than one year after the completion of plugging operations, the operator shall:

- (a) fill all pits;
- (b) level the location;
- (c) remove deadmen and all other junk; and
- (d) take such other measures as are necessary or required by the division to restore the location to a safe and clean condition.

(4) Upon completion of plugging and clean up restoration operations as required, the operator shall contact the appropriate district office to arrange for an inspection of the well and location.”

5. OCD Rule 202.C [19.15.4.202.C NMAC] requires the operator to file a record of the restoration work within thirty days after completion of the restoration.

6. The Operator filed sundry notices with the OCD reporting that it completed plugging operations on the wells identified in Findings Paragraph 3 more than 12 months ago. To date the Operator has not done the cleanup work required by Rule 202.B(3), notified the district office to arrange for an inspection of the well and location as required by Rule 202.B(4), or filed a record of the completion work as required by Rule 202.C.

7. 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 and willfully violates any provision of the Oil and Gas Act or any rule or order adopted pursuant to the Act.

8. 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

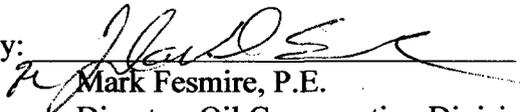
1. The OCD has jurisdiction over the parties and subject matter in this proceeding.

2. The wells identified in Findings Paragraph 3 are out of compliance with Rule 202 because Operator has not completed site restoration of the wells within one year of completion of plugging operations.
3. As operator of the wells identified in Findings Paragraph 3 Operator is responsible for bringing those wells into compliance with Rule 202.
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 the wells identified in Findings Paragraph 3 into compliance with OCD Rule 202 by March 31, 2007 by
  - (a) completing clean up work as described in Rule 202.B.(3);
  - (b) notifying the Hobbs district office to arrange for an inspection of the well and location as required by Rule 202.B.(4); and
  - (c) filing a report of the restoration work done, as required by Rule 202.C.
2. If Operator fails to return all wells identified in Findings Paragraph 3 into compliance with Rule 202 by March 31, 2007, Operator agrees to pay a penalty of \$1000 times the number of wells identified in Findings Paragraph 3 that it failed to return to compliance by March 31, 2007.
3. By signing this Order, Operator expressly:
  - (a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - (b) agrees to return the wells identified in Findings Paragraph 3 to compliance with Rule 202 by March 31, 2007;
  - (d) agrees to pay penalties as set out in Ordering Paragraph 2 if it fails to return all of the wells identified in Findings Paragraph 3 to compliance with Rule 202 by March 31, 2007;
  - (e) waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior to or subsequent to the entry of this Order or to an appeal from this Order; 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.

Done at Santa Fe, New Mexico this 19<sup>th</sup> day of December, 2006

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

**ACCEPTANCE**

Hal J. Rasmussen Operating Inc. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in that Order.

Hal J. Rasmussen Operating Inc.

By: Hal J. Rasmussen  
(Please print name) Hal J. Rasmussen  
Title: President  
Date: 12/12/06